



General Information Concerning the Health Savings Account (HSA)

Thank you for choosing **hsa Trustee Services** when setting up your Health Savings Account. We have partnered with **hsa Trustee Bank** which is the HSA division of Sutton Bank in Attica, OH. Sutton Bank has been serving their clients for over 125 years, and of course all accounts are insured by the FDIC up to \$100,000.

An HSA is a tax-exempt trust or custodial account established exclusively for the purpose of paying qualified medical expenses of the account beneficiary who, for the months for which contributions are made to an HSA, is covered under a high-deductible health plan.

You may enjoy several benefits from having an HSA, including but not limited to;

- The interest or other earnings on the assets in your HSA are tax-free.
- You can claim a 100% tax deduction for contributions you make even if you do not itemize your deductions on Form 1040.
- The contributions remain in your HSA from year to year until you use them.
- Funds distributed from the HSA are not taxed if they are used to pay qualifying medical expenses.
- An HSA is "portable" so it stays with you if you change employers or leave the work force.
- Both employees and the employer may contribute to the HSA

To encourage saving for health expenses after retirement, HSA owners between age 55 and older and who are not enrolled in Medicare are allowed to make additional catch-up contributions (\$600.00 in 2005, increasing in increments of \$100 each year up to 2009) to their HSA.

To qualify for an HSA, you must be an eligible individual: An "eligible individual" means, with respect to any month, any individual who: (1) is covered under a high deductible health plan (HDHP) on the first day of such month; (2) is not also covered by any other health plan that is not an HDHP (with certain exceptions for plans providing certain limited types of coverage); (3) is not "entitled" (meaning eligible and enrolled) to benefits under Medicare; and (4) may not be claimed as a dependent on another person's tax return. (5) This is on top of the maximum annual contribution.

HSA Compatible High Deductible Health Plan (HDHP):

- 1) A higher annual deductible than typical health plans, and
- 2) A maximum limit on the annual out-of-pocket medical expenses that you must pay for covered expenses.

2005 Type of Coverage	Minimum Annual Deductible	Maximum Annual Contributions	Maximum Annual Out-Of-Pocket
Self	\$1,000	\$2,650	\$5,100
Family	\$2,000	\$5,250	\$10,200

Contributions to Your HSA

Any eligible individual may contribute to an HSA. For an HSA established by an employee, the employee, the employee's employer or both may contribute to the HSA of the employee in a given year. For an HSA established by a self-employed (or unemployed) individual, the individual may contribute to the HSA. Family members may also make contributions to an HSA on behalf of another family member as long as that other family member is an eligible individual. For calendar year 2005, the maximum monthly contribution for eligible individuals with self-only coverage under an HDHP is the lesser of 100% of the annual deductible under the HDHP (minimum of \$1,000) but not more than \$2,650. For eligible individuals with family coverage under an HDHP, the maximum monthly contribution is the lesser of 100% of the annual deductible under the HDHP (minimum of \$2,000) but not more than \$5,250. These amounts are prorated by using a 1/12th rule times the number of months covered for that calendar year. In addition to the maximum contribution amount, catch-up contributions, may be made by or on behalf of individuals age 55 or older who are not enrolled in Medicare.

Features & Benefits

- Free Debit Card
- Investment Options (*coming soon!*)
- Balances under \$500 to \$2000 earn 0.75%
- Balances under \$2,000 to \$5000 earn 1.25%
- Balances under \$5,000 and up earn 1.75%
- Interest is credited to the account monthly
- Unlimited withdrawals and transactions allowed each month for qualified medical expenses
- There is no fee if you wish to move your account
- Optional Checkbook availability. There is a service charge of \$1.00 per check (\$8.00 check order fee payable with application)
- No minimum balance requirement and no monthly maintenance fee
- Free Online Banking
- FDIC insured
- Free discount drug card--You can use your prescription drug card at more than 53,000 participating pharmacies nationwide to save an average of 20% off the regular retail price of your prescription drugs. Some discount drug cards can sell for as much as \$60, but this benefit is included free of charge when you open your HSA.

hsa Trustee Services Fees

- \$35.00 Initial One-Time Set Up Fee (less for groups)
- No Monthly or Annual Fee
- \$1 per check service fee (Optional) \$8 for 50 Checks

Please call 866-hsa-2010 or email us at hsainfo@hsatrusteesservices.com if you have any questions.