

Invest in your health



A health savings account (HSA) is an investment option that can help you pay for future medical expenses. An HSA is not part of your actual medical benefits plan. It's actually a cash account with big tax advantages.

To have an HSA, you must first enroll in a qualified high deductible health plan. You also cannot be covered by any other plan that is not considered a high deductible plan, such as a spouse's plan.

As long as you use the money you put in your HSA for only qualified medical expenses, you won't have to pay FICA or federal income taxes. The only possible exception is you may have to pay state taxes in some parts of the country.



It's your money to take with you if you change jobs, medical plans or retire.

Like an FSA or IRA, only better

<i>Like an FSA</i>	<i>But better</i>	<i>Like an IRA</i>	<i>But better</i>
Any qualified medical expense Tax advantaged	No claims to submit No "use it or lose it" rule Can use for nonmedical expense (but this will result in tax consequences)	Tax advantaged savings Variety of investments available Tax advantaged investment earnings Taxed if withdrawn for non-medical expenses	No FICA or federal income tax if used for qualified medical expenses

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In some ways, an HSA is like a flexible spending account (FSA) or individual retirement account (IRA). But in other ways, it is better.

Unlike an FSA, there are no claim forms to submit. You also will not lose any money in the account if you do not spend it by the end of the year.

It's better than an IRA because you will never have to pay FICA or federal income taxes if the funds are spent only on qualified medical expenses.

Why choose an HSA?

There are many reasons why you should take advantage of an HSA:

-  It's always your money. Any money left in the account at the end of the year is carried over to the next year
-  You decide how to spend it on the appropriate qualified medical expense(s) for your situation
-  You can keep your HSA even if you change jobs or medical coverage
-  The cash is always available for an emergency. You can spend the money in your HSA on any expenses if you are willing to pay tax plus a 20 percent penalty. The 20 percent penalty does not apply if you are 65 or older
-  You can earn interest on your balance and invest your savings, provided a minimum cash threshold is maintained
-  It's an investment in which earnings are not taxed
-  You can use your funds for long-term care, Medicare premiums and supplemental retirement income

Putting money in your HSA

There are single and family maximums that you can deposit in your HSA each year. If you are between 55 and 64, you can deposit additional “catch-up” amounts. All of the amounts you can contribute are subject to yearly HSA contribution rules.

You also have the option of investing these funds, which can grow into big bucks!

For current rates or more information on investment options, please check with your bank or other financial institutions. You can also access contribution and usage reports, as well as an investment prospectus for more information.

What your HSA covers

You can use your HSA to pay for qualified medical expenses defined by the Internal Revenue Service (IRS). Generally, those expenses are spent on medical care for you, your spouse or dependents, including:

- Doctor visits
- Prescribed medicines or over-the-counter supplies
- Eyeglasses and vision care
- Dental care and other services

It does not include amounts spent on things like cosmetic surgery or general items like toothpaste.

HSAs can accumulate into BIG BUCKS!



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Easy to use

You can use your HSA debit card to pay your doctor or pharmacy. Remember, most health care expenses are eligible under your qualified high deductible health plan.

Do not pay any medical expenses from your HSA until after the medical plan has processed the claim and applied any discounts.

Here are a couple of examples:

- At the pharmacy, present your medical card to the pharmacist. Your pharmacy benefits manager will discount the drug and may pay a portion of the claim. Your pharmacist will then ask you to pay the remaining balance. You can use your HSA debit card or pay for the amount out-of-pocket.

- With other medical bills, have your medical provider send the bill to your medical plan. After your claim is processed, your medical plan can send you an explanation of benefits (EOB) once UMR has processed the claim.

The EOB will show how much you will need to pay the provider. You can use your HSA debit card or pay for the amount out-of-pocket.

Keep your receipts

The IRS requires proof that you used your HSA money to pay for qualified medical expenses. Make sure to save your receipts.

Using your debit card makes accessing your HSA dollars easier.

