

HEALTH SAVINGS ACCOUNTS



HEALTH SAVINGS ACCOUNT (HSA) PLANS ARE TAX-ADVANTAGED SAVINGS ACCOUNTS . . . THEY OFFER FLEXIBILITY BY GIVING YOU NEW OPTIONS TO FUND OUT-OF-POCKET HEALTH EXPENSES.

HSAs allow a person to make tax-deductible contributions into an account to pay for a comprehensive list of medical expenses on a tax-free basis. Account holders can use the HSA for deductibles and coinsurance directly related to their medical plan, use the money for other qualified medical expenses or save money for retirement! Opening an HSA is easy.

1. SELECT A QUALIFIED HIGH-DEDUCTIBLE HEALTH PLAN (QHDHP)

A QHDHP is required to open an HSA. Once a QHDHP is selected, the HSA account may be opened.

2. SET UP THE HSA

Once approved for medical coverage, you submit to the HSA administrator the HSA account enrollment form (provided by Medical Mutual®), a required initial deposit and a signature card.

3. USE THE HSA

Once the HSA is opened, a welcome kit is sent to the account holder. The kit includes a debit card that may be used to pay for qualified medical expenses. (Check writing option available with some banks.) Once the account is opened, deposits can remain in the bank account, or there is a range of investment options. Statements are sent to account holders.

If you have questions regarding an HSA, call First Horizon MSaver Customer Service at 866/889-8584, National City Bank at 866/966-4729 or Wells Fargo at 866/890-8309.

HOW DOES A HEALTH SAVINGS ACCOUNT WORK?

A QHDHP IS REQUIRED

CURRENT PLAN



QUALIFIED HIGH-DEDUCTIBLE
HEALTH PLAN

QHDHP WORKS WITH THE HSA

QUALIFIED HIGH-DEDUCTIBLE
HEALTH PLAN



HEALTH SAVINGS ACCOUNT



BASIC HSA QUESTIONS & ANSWERS

HOW MUCH CAN BE CONTRIBUTED TO AN HSA?

- ▣ ENROLLEES ARE ALLOWED TO CONTRIBUTE THE FULL ANNUAL MAXIMUM REGARDLESS OF WHAT MONTH COVERAGE BEGAN.
- ▣ A ONE-TIME TRANSFER OF AN HRA/FSA OR AN IRA ROLLOVER IS ALLOWED.



MAXIMUM ANNUAL CONTRIBUTIONS FOR THE YEAR 2008:

- ▣ **For individual coverage**, the maximum annual contribution is \$2,900 (2008's indexed amount).
- ▣ **For family coverage**, the maximum annual contribution is \$5,800 (2008's indexed amount).



In addition to the maximum contribution amount, catch-up contributions may be made by or on behalf of individuals age 55 or older, and younger than 65. The catch-up contribution for 2008 is \$900.

WHAT ARE QUALIFIED HSA EXPENSES?

- Health insurance plan deductibles, copayments and coinsurance
- Prescription and over-the-counter drugs
- Dental services, including braces, bridges and crowns
- Vision care, including glasses and lasik eye surgery
- Psychiatric and certain psychological treatments
- Long-term care services
- Medically related transportation and lodging
- Certain health premiums including COBRA (but premiums not while an active employee)

This is a partial list. Additional listings are included with the HSA welcome letter. For more discussion on qualified expenses, call First Horizon MSaver at 866/889-8584, National City Bank at 866/966-4729 or Wells Fargo at 866/890-8309.

WHAT ARE HSA TAX ADVANTAGES?

Regardless of who contributes, the HSA accumulates tax-free. HSA after-tax contributions are tax-deductible. Much like an IRA, HSA deductions are "above-the-line," and thus can be deducted even if the taxpayer does not itemize. Account holders can access the HSA for qualified medical expenses tax-free. Contact your tax advisor for more information.