

# Health Savings Accounts

What are they and how might they benefit our customers?

# What is a Health Savings Account?

- A Health Savings Account (HSA) is a tax-exempt trust or custodial account established exclusively for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and your dependents.

# Who is eligible for an HSA?

- You must be covered under a high-deductible health plan (HDHP) on the first day of such month
- You are not also covered by any other health plan that is not an HDHP
- You are not enrolled in Medicare
- You cannot be claimed as a dependent on another individual's tax return.

# 10 ways an HSA can offer tax advantages over traditional health insurance arrangements

- Reduce your federal income taxes.
- Reduce your adjusted gross income, helping you to qualify for other lucrative tax breaks tied to overall income.
- Reduce your state income taxes.
- Tax-Deferred growth.
- Pay for dental expenses with pre-tax dollars.
- Pay for vision care with pre-tax dollars.
- Pay for alternative care with pre-tax dollars.
- Pay for aspirin, bandages, cold medicine, and other household medical expenses with pre-tax dollars.
- Pay Medicare expenses with pre-tax dollars.
- Pay for long-term care insurance with pre-tax dollars.

# How Much Can I Contribute to an HSA each year?

- For 2007 the standard limit for a Self-Only Plans is \$2,850 and for a Family Plan is \$5,650.
- The limits for 2008 and beyond will be subject to Cost of Living Adjustments (COLAs) that will be determined annually.