

When is the Contribution Deadline for funding an HSA?

The deadline for regular and catch-up HSA contributions is your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15th.

How are HSA Distributions Taxed?

The qualified medical expenses must be incurred after the HSA has been established.

HSA distributions used exclusively to pay for or reimburse qualified medical expenses incurred by you, your spouse, or your dependents are not included in gross income.

Any other distributions are included in income unless rolled over. Distributions not used to pay for or reimburse qualified medical expenses or not rolled over are subject to an additional 10 percent tax unless made after your death, your disability, or your attainment of age 65.

HSA custodians/trustees are not required to determine whether HSA distributions are used for qualified medical expenses.

How are Distributions Made by Check?

All distributions by check are considered normal distribution.

How are Deposits credited? Current year.

How are Fees paid?

The set up fee can be paid directly or can be automatically removed from the account. If paid directly, you can still make your full maximum contribution. If taken automatically from the account, the fee will be taken from your contribution amount. The monthly service fee and fees for checks will be automatically taken from your account and will be paid from your contributions.

What Happens to My HSA in the Event of My Death?

Spouse Beneficiary

If your spouse is the beneficiary of your HSA, the HSA becomes his/her HSA.

Non-spouse Beneficiary

If your beneficiary is not your spouse, the HSA ceases to be an HSA as of the date of your death. If your beneficiary is your estate, the fair market value of the HSA as of the date of your death is included as income on your final income tax return. For other beneficiaries, the fair market value of your HSA is included as income for the recipient in the tax year of your death.

This brochure is intended to provide general information concerning only the federal tax laws governing HSA's. It is not intended to provide legal advice or to be a detailed explanation of the rules or how such rules may apply to your individual circumstances or under your state tax laws.

For specific information, you are encouraged to consult your tax or legal professional. IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, the instructions to IRS Form 8889, and the IRS's web site, www.irs.gov, may also provide helpful information.

RATE INFORMATION

Tier 1—If your daily balance is \$1,000 or more, the interest rate paid on the entire balance in your account will be _____% with an annual percentage yield of _____%

Tier 2—If your daily balance is \$999.99 or less, the interest rate paid on the entire balance in your account will be _____% with an annual percentage yield of _____%.

Rates and Annual Percentage Yield may adjust every January 1st and July 1st.

Limitations: You must deposit \$50.00 to open this account.

Account Fees: There is an initial set up fee of \$25.00. A monthly service fee of \$2.00 will be charged on your statement cycle date. A \$25.00 fee will be assessed for each HSA transfer to another institution.

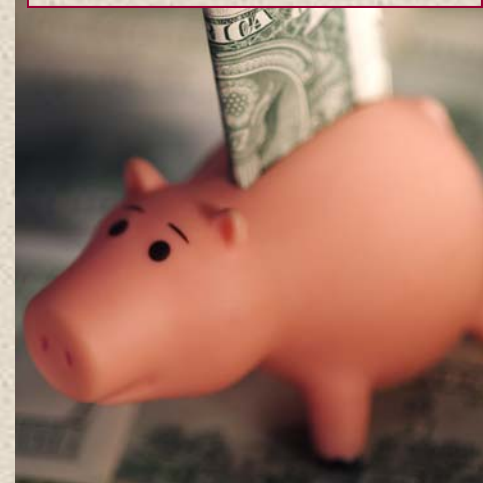
HSA

HEALTH SAVINGS ACCOUNT

Straight Answers to Your HSA Questions

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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.

Am I eligible for an HSA?

You are eligible for a regular HSA contribution if, with respect to any month, you:

- Are covered under a high-deductible health plan (HDHP) on the first day of such month;
- Are not also covered by any other health plan that is not an HDHP (with certain exceptions for plans providing preventive care and limited types of permitted insurance and permitted coverage);
- Are not enrolled in Medicare; and
- Cannot be claimed as a dependent on another individual's tax return.

What is an HDHP?

An HDHP is a plan with an annual deductible no less than the amounts shown in the chart that follows.

HDHP Annual Deductible*		
Tax Year	Self-Only Coverage	Family Coverage
2009	\$1,150	\$2,300
2010	\$1,200	\$2,400
2011 and later	Subject to COLAs*	Subject to COLAs*

*COLA-cost of living adjustments determined annually

Are There Other Requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses, (deductibles, co-payments and other amounts, but not premiums) to no more than the amounts shown in the chart that follows.

Maximum Out-of-Pocket Expenses*		
Tax Year	Self-Only Coverage	Family Coverage
2009	\$5,800	\$11,600
2010	\$5,950	\$11,900
2011 and later	Subject to COLAs*	Subject to COLAs*

What are an HSA Owner's Responsibilities?

If you are eligible, you can establish an HSA in much the same way you would establish an IRA—with a qualified trustee or custodian. Each year, you are responsible for determining your allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with nontaxable HSA distributions.

Who Can Contribute to My HSA?

If you meet the eligibility requirements for an HSA, you, your employer, your family members, or any other person (including non individuals) may contribute to your HSA. This is true, whether you are self-employed or unemployed.

How Much Can I Contribute to My HSA?

A “catch-up” contribution is available for eligible individuals who are age 55 or older by the end of their taxable year and have not enrolled in Medicare. The chart that follows shows the contribution limits.

Contribution Limits*			
Tax Year	Standard Limit		Additional Catch-up Contribution
	Self-Only	Family	
2009	\$3,000	\$5,950	\$ 1000
2010	\$3,050	\$6,150	\$ 1000
2011 and later	Subject to COLAs*	Subject to COLAs*	Subject to COLAs*

How Do I Claim the Federal Tax Deduction for My HSA Contribution?

Contributions to an HSA are fully deductible, the earnings grow tax deferred, and distributions to pay or reimburse qualified medical expenses are tax free.

You may deduct contributions made by anyone other than your employer as long as they do not exceed the maximum annual contribution amount. Employer contributions are not wages for federal income tax purposes.

Rollovers and transfers from HSA's, IRA's, Archer medical savings accounts, health reimbursement arrangements, and health flexible spending accounts are not deductible.

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