

Advantages of Health Savings Account

Security. Your HDHP and HSA protect you against high or unexpected medical bills.

Affordability. Your health insurance premiums should be lower when you switch to an HDHP.

Flexibility. You can use the funds in your account to pay for current medical expenses (including those expenses that insurance does not cover), or you can save the money for future needs:

- Health insurance or medical expenses if unemployed
- Medical expenses after retirement (before Medicare)
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

Control. You make all the decisions about:

- How much money to put into the account
- Whether to save the funds for the future or pay medical expenses now
- Which medical expenses to pay from the account
- Where you will open your HSA

Portability. You keep the HSA (and can continue to use it), even if you change jobs, change your medical coverage, become unemployed, move, etc.

Tax Savings. An HSA can give you "triple tax savings"

- Tax deductions when the contribution is made
- Tax-free earnings while the funds are in the HSA
- Tax-free withdrawals for qualified medical expenses

Find Out More!

Our website contains the information you need to open and maintain an HSA account with Beacon Federal.

HSA tools on the web:

- ✓ Frequently asked questions regarding HSAs and HDHPs.
- ✓ Determine your eligibility for an HSA.
- ✓ Open your Beacon HSA account.
- ✓ Calculate your allowable contributions.
- ✓ Project your HSA's future worth.
- ✓ Service your existing HSA.

www.beaconfederal.com

You can also find out more about Health Savings Accounts in the IRS Publication 969, available online at www.irs.gov.

Beacon Federal

PO Box 186
East Syracuse, NY 13057
888-256-3800

The HSA information provided here is general information only and may not reflect all features. Employees and Employers are encouraged to reference the HSA rulings outlined by the Department of Treasury. Beacon Federal is not responsible for HSA accuracy or account compliance. A tax advisor should be consulted. Member FDIC.

Updated: Nov. 2011

Health Savings Accounts

Flexibility and Control for your Health Care Expenses with a Beacon HSA Checking Account



Health Savings Accounts (**HSAs**) are tax-advantaged accounts for individuals and families covered by High Deductible Health Insurance Plans (**HDHPs**). These accounts allow you to pay for current, or put aside for future, medical expenses for you or your dependents. **Beacon Federal offers an HSA checking account with the added convenience of an HSA Debit Card and checks.**

What is a High Deductible Health Insurance Plan? How do I know if I am enrolled in one?

Generally, an HDHP is health insurance that has a high deductible amount (but tends to have lower premium expenses) – the deductible being the amount you must pay out of pocket before the insurance company will pay any claims.

Under Federal law:

- An HDHP must have a deductible amount of at least \$1200 for Individual coverage and \$2400 for Family coverage.
- Your annual out-of-pocket expenses under the HDHP (including the deductible you pay, co-pays, and co-insurance) cannot exceed \$6,050 for Individual coverage and \$12,100 for Family coverage.

Your employer should inform you if you participate in an HDHP. Some self-employed individuals may also have coverage under an HDHP. If you are unsure of your participation in a health plan, you should consult with your HR or Benefits Specialist.



Who is eligible for an HSA?

Any adult under age 65 can contribute to an HSA if they:

- Are enrolled in an HDHP
- Have no other first-dollar medical coverage (except such types of insurance as specific injury insurance or accident, disability, dental care, vision care, or long term care insurance – these are OK to have).
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return.

What are the annual contribution limits?

2012 HSA Contribution Limits	Self Coverage	Family Coverage
Annual Contribution	\$3,100	\$6,250
Catch Up Contribution*	\$1,000	\$1,000

** Individuals 55 and older can make additional "catch up" contributions*

How does the HSA work with the HDHP?

Once you have opened your Beacon HSA checking account, you begin making contributions. Contributions can be made by you, your employer, or both (as one time deposits, payroll deposits, etc.)– up to the annual contribution limits. Contributions are made as pre-tax dollars.

You will be given a Beacon HSA Debit Card with your account. Your card accesses the funds in your HSA to pay for any qualified medical expenses. Qualified medical expenses include out-of-pocket health expenses (co-pays, medication, etc.), qualified long-term care services, etc. (visit the IRS website for a complete list).

Your contributions to the HSA are reported to the IRS annually, as well as any distributions/withdrawals you make from the HSA. Make sure you keep all your receipts and records of purchases with your HSA Debit card!

If you do not use all the money in your HSA during the year, it remains in the account – there are no "use it or lose it" rules with the HSA. The funds are there for you for all current and future medical expenses – so you are always prepared.

What happens to my HSA if I die?

Like an IRA, the HSA can pass to your spouse, and your spouse can use it as if it were their own HSA. If you are not married, then the HSA stops being an HSA and the funds would pass to your beneficiary or estate.