



Simply HSA

SimplyHSA simply *makes sense.*

With an HSA, you can pay less now for health expenses *and* pay less later.

What is an HSA?

How a Health Savings Account Works

A Health Savings Account (HSA) is a personal savings account that can be used to pay for medical, dental, vision and other qualified health expenses now or later in life. To contribute to an HSA you must be enrolled in a qualified high-deductible health plan and your contributions are limited annually. If your employer offers payroll deduction, you'll see immediate tax savings on your contributions. You can use the money tax-free to pay for eligible expenses such as:

- Copays & deductibles
- Hearing aids
- Prescriptions
- Laser eye surgery
- Dental care
- Orthodontia
- Contacts & eyeglasses
- Chiropractic care

Since it is a savings account, you are encouraged to save more than you spend. Unlike FSA funds which are "use-it-or-lose-it," your HSA balance rolls over from year-to-year earning interest along the way. The account is portable, meaning if you ever leave your employer, you can take the HSA with you because it's your money and your account.

HSAs Offer a Triple Tax Advantage

1. Money goes in tax-free

Most employers offer a payroll deduction through a Section 125 Cafeteria Plan, allowing you to make contributions to your HSA on a pre-tax basis. The deduction is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

2. Money comes out tax-free

Eligible medical purchases can be made tax-free when you use your HSA. You can also pay out-of-pocket for eligible medical expenses and then reimburse yourself from your HSA. You can use your benefits debit card or online bill pay, if available.

3. Earn interest, tax-free

The interest on HSA funds grows on a tax-free basis. And, unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

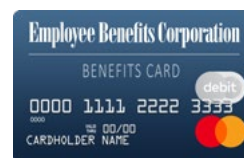
When Do You Pay Taxes?

The only time you may pay taxes or penalties on your HSA funds is if you make an ineligible purchase, or if you contribute more than the yearly maximum contribution.

Advantages of an HSA

- No end-of-year forfeiture of funds
- Never pay taxes on money used for eligible medical expenses
- Portable account
- Provides an excellent savings vehicle for health care expenses

Benefits Debit Card



Spending your HSA funds on eligible expenses has never been easier.

The Employee Benefits Corporation Benefits Card accesses HSA funds directly from your account and allows you to avoid out-of-pocket expenses and cumbersome paperwork.

How can an HSA help secure my retirement?

Participation in a health savings account allows you to invest pre-tax dollars to prepare for retirement. Although your funds can be used to pay for immediate health care expenses tax-free, you can save the money for health care expenses later in life. You can continue to contribute year after year and withdrawals can be made at any point in time. Whether you withdraw the money tomorrow, five years from now, or in retirement, funds used for qualified health care expenses are always tax-free when you save your receipt.

In addition, once your HSA cash balance exceeds the balance threshold required you can transfer funds to an HSA **investment account**. You can choose from three different investment models, Managed, Self-Directed, and Brokerage, to best fit your investment needs. Should your investment needs change you can switch to a new investment model at any time. You can also transfer between your HSA balance and investments at any time. Log in to your online account and navigate to your *HSA Account Details* page and click the *Learn More About Investments* link to learn more about how you can use investments to accelerate your retirement savings.

Here's a simple example*:

Contribute \$50 per month over 25 years:

Tax Savings:	\$4,148
HSA Balance:	\$22,356

Contribute \$200 per month over 25 years:

Tax Savings:	\$16,590
HSA Balance:	\$89,425

Contribute \$500 per month over 25 years:

Tax Savings:	\$41,475
HSA Balance:	\$223,561

**For illustrative purposes only. Savings calculations are based on a federal tax rate of 15%, state tax rate of 5%, and 7.65% FICA. Balance calculations assume an average interest rate of 3%. Actual results may vary.*

Terminating Employment

Good news – your HSA belongs to you, not your employer. If you terminate employment, your HSA will remain with Employee Benefits Corporation and transition to an individual account, instead of an employer-sponsored account. We will continue to be your source of information regarding your HSA.

Upon termination of employment, you will receive a **NEW** Benefits Card for your HSA and a welcome email with additional information.