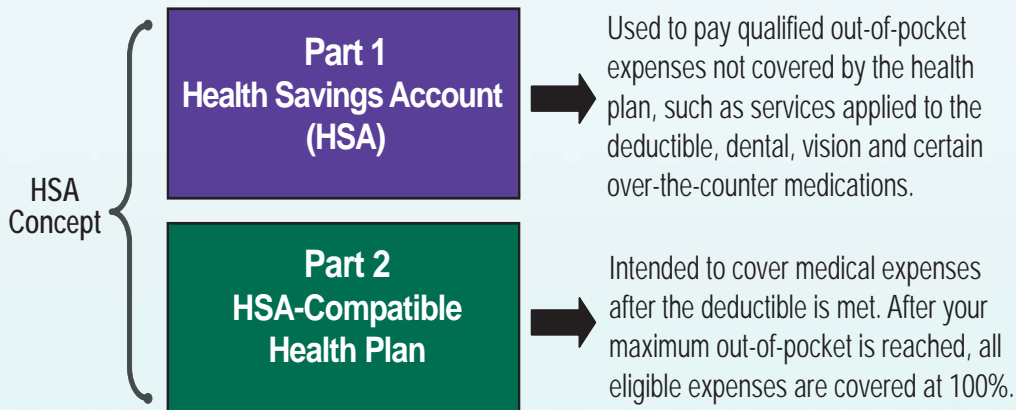


# DISCOVER THE HSA ADVANTAGES

UNIQUE PRODUCT. UNIQUE SERVICE. UNIQUE SAVINGS.

A Health Savings Account (HSA) is a tax-favored account used in conjunction with a qualifying health plan as defined by the IRS. These HSA-compatible plans often have lower premiums, offer preventive care benefits and provide coverage for other healthcare services once your deductible is met. HSA dollars can be used to pay for qualified medical expenses that apply toward your deductible and expenses which may not be covered by the health plan.



## Did you Know?

### HSA-Compatible Health Plans

- ◆ These plans often cover preventive care at 100% before your deductible is met.
- ◆ Premiums may be substantially lower than other healthcare plans.
- ◆ HSA-Compatible Health Plans can give you increased control over the services you receive and the dollars spent, which can help control premium and healthcare costs.
- ◆ They are defined by the IRS as qualifying High Deductible Health Plans (HDHPs). Your health plan representative can tell you which plans qualify.

### Health Savings Accounts

- ◆ HSA contributions are tax-free or tax-deductible and interest, investment income and withdrawals are tax-free when used to pay for qualified medical expenses.
- ◆ HSA funds belong to you and your balance carries over from year to year.
- ◆ Contributions can come from employers, accountholders or third parties.
- ◆ After the age of 65, you can use the funds for non-qualified expenses and pay only income tax.
- ◆ Your HSA dollars can be invested for even greater earnings potential.

## SAVINGS AND CONTROL... THE HSA RIPPLE EFFECT

*Saving for healthcare by opening a tax-favored HSA has short-term and long-term benefits. Think of your Health Savings Account as a drop in a pond. The ripples represent your savings opportunities and increased control over your healthcare future.*

- ~ First, you have potential premium savings.
- ~ Next, contributions are pre-tax or tax-deductible.
- ~ Then, interest and investment earnings grow tax-free.
- ~ Finally, withdrawals used to pay for qualified medical expenses are always tax-free.

**Discover your potential savings with an HSA!**

Visit our *Is an HSA Right for Me* calculator at:  
[www.hsabank.com](http://www.hsabank.com).

**Hsa**<sup>®</sup>  
**BANK**



# MANAGING YOUR HEALTHCARE

## SIMPLIFYING HEALTHCARE QUESTIONS.

## Becoming a Healthcare Consumer

When it comes to healthcare, we often forget that we are consumers who have the right to know how much things cost and understand what we are paying for. With an HSA, you gain control over your healthcare decisions.

### Take advantage of preventive care services.

Preventive care services, such as annual exams and immunizations, help identify changes you can make today in order to prevent illness. They also help you detect conditions early, which increases treatment options and success rates. Plus, preventive care services are often covered by your health plan at no cost to you.

### Discuss alternatives with your physician.

Many times there are alternative procedures or methods to diagnose or treat a particular condition. When you and your physician discuss the alternatives available, you gain a better understanding of possible advantages and disadvantages of each option, which allows you to make an informed decision.

### Ask about price.

Before receiving care for non-emergency services, be sure to ask if the service is necessary and how much it will cost. This will help you make better decisions and control out-of-pocket expenses.

### Utilize resources available through your health plan.

Many health plans now offer resources through their website or phone support to help you determine when to seek the advice of a physician and decide when over-the-counter solutions are an option. They also provide quality information concerning particular hospitals or physicians. Basic healthcare and cost-control resources are also available through our website, [www.hsabank.com](http://www.hsabank.com).

### Ask about savings options for prescription drugs.

You can often save money on prescription drugs by simply asking if generic or over-the-counter options are available for the prescribed

**Don't allow  
others to  
spend your  
money.**

brand name. Other savings options, such as pill splitting or mail order, may be available. Ask your physician or pharmacist.



## Fact or Fiction?

**HSA Myth #1:** *HSAs are only for the healthy and wealthy.*

**FACT:** Statistics show that:

1) No significant difference exists between having an HSA-compatible health plan or a non-compatible plan and reporting average to excellent health<sup>1</sup>.

2) 66.3% of respondents had an annual household income of less than \$85,000<sup>1</sup>.

**HSA Myth #2:** *HSAs are for the young.*

**FACT:** 46% of HSA account-holders are age 40 or older<sup>2</sup>.

**HSA Myth #3:** *People with HSAs are less likely to receive timely medical care.*

**FACT:** No significant difference exists between respondents with a HSA-compatible health plan and those with a non-compatible plan in regard to deciding to delay or forgo treatment due to cost<sup>1</sup>.

**HSA Myth #4:** *HSAs only shift costs from employers to employees.*

**FACT:** The average cost per employee with an HSA-compatible plan is 14.5% lower than the average cost per employee with a PPO that has a deductible of \$1,000 or more<sup>3</sup>.

# ONE CHOICE STANDS OUT

## HEALTH SAVINGS ACCOUNTS WITH HSA BANK.

### What Makes HSA Bank Unique?

#### HSA Focus and Expertise

As a leader in the industry, it is our goal to provide expertise and service that exceeds your expectations. HSA Bank, a division of Webster Bank, N.A., has been providing FDIC insured health-based savings accounts since 1997. We focus on HSAs and provide ongoing training to further enhance our representatives' knowledge of current legislation and industry trends.

#### Contribution and Withdrawal Options

*Contributions* - It is easy to put money in your HSA. With Internet Banking, you have the option to schedule one-time or recurring transfers from your personal checking account. You can also send a check with a contribution form or deposit ticket, or make payroll deductions if your employer offers this option.

*Withdrawals* - HSA Bank knows that you need convenient access to your funds. That's why we offer several withdrawal options. The HSA Bank Visa® debit card can be used without a PIN (free of charge) to pay for products or services at a provider's office and at certain stores where medications and health supplies are sold. When you receive a medical bill in the mail, you also have the option to fill in your card number on your payment stub and send the information to your provider's office. In addition, you can purchase checks, use a withdrawal form or use your PIN to withdraw funds at an ATM.

#### Innovative Products and Services

*Website* - Our user-friendly online tools help you evaluate your options by providing HSA information, presentations, and *Is an HSA Right for Me?* and *Future Value* calculation tools. You also have convenient access to forms and tax related resources. With Internet Banking, you can view account details, access account statements and tax documents, change your address, order checks or debit cards, and sign up for email notifications at your convenience. After your account is open, be sure to visit [www.hsabank.com](http://www.hsabank.com) to sign up.

*Investment Opportunities* - Through our investment partners, you have the opportunity to invest your HSA dollars in stocks, bonds and mutual funds. Plus, earnings grow tax-free. (Investment products are not FDIC insured, are not a deposit or other obligation of or guaranteed by the bank, and are subject to investment risks including possible loss of the principal amount invested.)



### Making the Choice

**1. Determine if you are eligible.** You must be covered under an HSA-compatible health plan, not be enrolled in Medicare or other non-compatible plans, and not be claimed as a dependent on another person's tax return.

**2. Complete the HSA Application.** If you are enrolling through your employer, please ask them which method you should use. Online and paper options are available at [www.hsabank.com](http://www.hsabank.com).

**3. Your Account is Opened.** Your account is typically opened within 1-2 business days and you can expect your Welcome Kit 7-10 days later. Ongoing communications include account statements and notices about HSA legislation or new account features. At the end of the calendar year, you will also receive a year-end statement and tax documents.



# ELIGIBLE MEDICAL EXPENSES

## QUALIFIED COSTS. TAX-FREE FUNDS. PEACE OF MIND.

An expense that is eligible for an HSA distribution is defined as an expense for certain healthcare services, equipment and medications as described in Section 213 (d) of the Internal Revenue Code. Below are lists that will help you determine if an expense is eligible.

### Eligible Expenses

- Abdominal supports
- Anesthetist services
- Artificial limbs
- Blood tests
- Braces
- Chiropractor services
- Contact Lenses
- Crutches
- Dentures
- Eyeglasses
- Gynecologist services
- Hospital bills
- Insulin treatments
- Lead paint removal
- Metabolism tests
- Operating room costs
- Oral surgery
- Orthopedic shoes
- Oxygen
- Physician services
- Prescriptions
- Registered nurse services
- Therapy equipment
- Vaccines
- Wheelchairs
- Ambulance services
- Arch supports
- Birth control pills (by prescription)
- Blood transfusions
- Cardiographs
- Childbirth/delivery
- Contraceptive devices (by prescription)
- Dental treatment
- Dermatologist services
- Guide dogs
- Hearing aids and batteries
- Hydrotherapy
- Lab tests
- Lodging (away from home for outpatient care)
- Neurologist services
- Ophthalmologist visits
- Organ transplants (including donor's expenses)
- Osteopath services
- Pediatrician visits
- Prenatal care
- Psychiatrist services
- Special school costs for the handicapped
- Transportation expenses (relative to healthcare)
- Vitamins (prescribed)
- X-rays

### Non-Eligible Expenses

- Acne treatments
- Athletic club memberships
- Boarding school fees
- Bottled water
- Cosmetic surgery and procedures
- Cosmetics & hygiene products
- Dietary supplements
- Herbs
- Funeral/cremation/burial expenses
- Health programs offered by resorts
- Illegal operations and treatments
- Illegally procured drugs
- Maternity clothes
- Medicated shampoos and soaps
- Premiums for life insurance
- Social activities
- Special foods and beverages
- Suntan lotion
- Swimming pools
- Toiletries (including toothpaste)
- Travel for improving general health
- Vitamins (daily)
- Weight loss programs
- Weight loss drugs  
(for general well-being)

Some qualifying over-the-counter medications include: antacids, allergy medications, pain relievers, cold medicine, cough drops, nicotine medications, Pedialyte, first aid creams and motion sickness pills.

These lists are not comprehensive, are meant to serve as a quick reference, and are provided to you with the understanding that HSA Bank is not engaged in rendering tax advice. The information provided is not to be used, and cannot be used, to avoid federal tax penalties. For more information, please refer to IRS Publication 502 titled, "Medical and Dental Expenses," Catalog Number 15002Q. Publications can be ordered directly from the IRS by calling 1-800-TAX-FORM. If tax advice is required, please seek the services of a qualified tax professional.

# HSA BANK<sup>®</sup>

National Leader in Health Savings Accounts.  
A Division of Webster Bank, N.A., Member FDIC

605 N. 8th Street, Sheboygan, WI 53081  
www.hsabank.com  
(800) 357-6246

<sup>1</sup> HSA Bank Benchmark Survey. - April 2008

<sup>2</sup> AHIP Center for Policy and Research - April 2008

<sup>3</sup> Mercer National Survey of Employer-Sponsored Health Plans - November, 2007



# Unique Savings Opportunities... For Today, Tomorrow and the Future

## 2009 IRS Guidelines for HSA-Compatible Health Plans and HSA Contribution Limits

Please contact your health plan representative to determine if your plan qualifies.

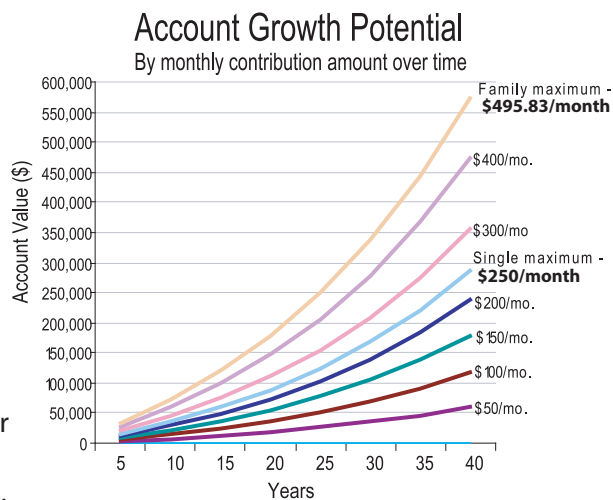
	Single	Family
Minimum Deductible	\$1,150	\$2,300
Maximum Out-of-Pocket	\$5,800	\$11,600
Contribution Limit	\$3,000	\$5,950

## What is your Savings Potential?

HSA Bank's account statistics indicate that approximately 97% of accountholders roll balances over from one year to the next. Whether you are saving the maximum contribution or only a portion each year, you have an opportunity for account growth. When you contribute to a Health Savings Account, you experience tax savings on the contributions *and* tax-deferred growth on the earnings. What could your balance be if you contribute \$100 or \$200 a month and allow your account to grow over the years?

## Savings Examples

These examples demonstrate the potential for savings and account growth. To calculate approximate savings based on your specific circumstances, use our *Future Value* calculator at: [www.hsabank.com/calculators](http://www.hsabank.com/calculators).



	Single Coverage		Family Coverage	
	Maximum Saver	Moderate Saver	Maximum Saver	Moderate Saver
<b>Contributions/month</b>	\$250	\$100	\$495.83	\$200
<b>Annual Contribution</b>	\$3,000	\$1,200	\$5,950	\$2,400
<b>Ten-year savings</b>				
Net Contributions	\$30,000	\$12,000	\$59,500	\$24,000
Tax Savings (Contributions)	\$7,500	\$3,000	\$14,875	\$6,000
Tax Savings (Earnings)	\$1,504	\$602	\$2,984	\$1,203
<b>Estimated Account Value</b>	<b>\$36,018</b>	<b>\$14,407</b>	<b>\$71,436</b>	<b>\$28,815</b>
<b>Forty-year savings</b>				
Net Contributions	\$120,000	\$48,000	\$238,000	\$96,000
Tax Savings (Contributions)	\$30,000	\$12,000	\$59,500	\$24,000
Tax Savings (Earnings)	\$41,269	\$16,507	\$81,850	\$33,015
<b>Estimated Account Value</b>	<b>\$285,076</b>	<b>\$114,030</b>	<b>\$565,401</b>	<b>\$228,061</b>

All figures are provided for illustration purposes. Actual savings, tax rates, and earnings may vary. For illustration purposes, the following assumptions were used: federal tax rate = 25%, average annual percent yield over the life of the HSA = 4%, net contributions is the amount remaining in the HSA each year after expenses, and maximum contribution limits remained constant.

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## Non-HSA Plan vs. HSA-Compatible Plan Decision Worksheet

To use our electronic *Is an HSA Right for Me?* decision tool, please visit us online at:  
[www.hsabank.com/calculators](http://www.hsabank.com/calculators)

**Instructions:** Please complete the information below to the best of your knowledge. All amounts are estimates and are meant for illustrative purposes. Actual costs may vary.

A	Calculate the annual cost of Dr. visits. <b>This amount will be carried to lines D1 &amp; J1.</b> 1. Estimated # of Dr. visits ____ X Average cost/Dr. visit (if unknown, enter \$150)_____ = _____	■ ■ ■ ■
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**NON-HSA PLAN**

**You Pay**

B	Amount <b>you would pay</b> in Non-HSA premiums/yr = cost/month_____ X 12 months= - - - - ->	
C	Calculate your prescription costs under the non-HSA plan <b>Complete 1 if paying co-pays and enter zero in C2. Complete 2 if not paying co-pays.</b> 1. COMPLETE IF PAYING PRESCRIPTION CO-PAYS Amount Spent on prescription copays/yr., Prescription copays/year_____X amt. of copay (If copay amount unknown, use \$15)_____ = - - - - ->	
	2. COMPLETE IF NOT PAYING PRESCRIPTION CO-PAYS. <b>This amount will be carried to line D1.</b> # of Prescriptions_____X Average cost (if cost is unknown, enter \$50)_____ = _____	■ ■ ■ ■
D	Calculate the amount applied to your non-HSA plan deductible. 1. Line A1_____ + Line C2_____ = _____ <b>This amount will be carried to lines D2 &amp; E1.</b>	■ ■ ■ ■
	2. Non-HSA plan deductible=_____ D1=_____ Enter the lower of these two amounts - - - - ->	
E	<b>If D1 is greater than your non-HSA plan deductible</b> , calculate non-HSA plan co-insurance. Otherwise enter 0. 1. D1 _____ - non-HSA plan deductible _____ = _____ 2. E1 _____ X % (as a decimal) you pay after the deductible _____ = - - - - ->	
F	Other anticipated out-of-pocket expenses (doctor or emergency room co-pays, etc.)	
G	<b>Your Cost with the Non-HSA Plan (Add B-F)</b>	

**HSA-COMPATIBLE PLAN**

**You Pay**

H	Amount <b>you would pay</b> in HSA-Compatible premiums/yr = cost/month_____ X 12 months= - - - - ->	
I	Calculate your prescription costs under the HSA-compatible plan. <b>This amount will be carried to line J1.</b> 1. Number of Prescriptions_____X Average cost (if cost is unknown, enter \$50)_____ = _____	■ ■ ■ ■
J	Calculate the amount applied to your HSA-compatible plan deductible. 1. Line A1_____ + Line I1 _____ = _____ <b>This amount will be carried to lines J2 &amp; K1.</b>	■ ■ ■ ■
	2. HSA-compatible plan deductible=_____ J1=_____ Enter the lower of these two amounts - - - - ->	
K	<b>If J1 is greater than your HSA-compatible plan deductible</b> , calculate HSA plan coinsurance. Otherwise enter 0. 1. J1 _____ - HSA-compatible plan deductible _____ = _____ 2. K1 _____ X % you pay after the deductible _____ = - - - - ->	
L	Subtotal (Add H-K)	
M	Enter the amount your employer will contribute to your HSA and subtract from L - - - - ->	-
N	<b>Your Cost with the HSA-Compatible Plan</b>	

**If G is greater than N, Subtract G \_\_\_\_\_ - N \_\_\_\_\_**

**This is the estimated amount you could save with the HSA Plan.**

O	If N is greater than G, the Non-HSA Plan may be the more economical choice. Additional factors not considered in this calculation include: tax savings on HSA contributions, tax savings on HSA earnings, and tax savings on distributions for qualified medical expenses.	
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