

HEALTH SAVINGS ACCOUNTS



Presented by:

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Your HSA Saves You Money

- Created in Medicare legislation in January 2004
- HSA paired with your qualified Consumer Driven Health Plan (HDHP)
- Tax-free savings account for future and current qualified medical expenses



Benefits of an HSA

- You see the true cost of medical care and have better control over how your dollars are spent
- Funds roll over from year to year
- There is no “use it” or “lose it”
- Funds belong to you - regardless



Who Can Open a Health Savings Account?

- Age Requirement: 18 or older
- Must be enrolled in a qualifying **High Deductible Health Plan (HDHP)**
- Cannot be covered by any non-qualified HDHP Health Insurance
- Account is owned by the insured
- Unused Funds may roll over to next plan year and beyond
- Cannot be enrolled in Medicare
- Cannot be claimed as a dependent on another individual's tax return



HSA Contributions

- **Maximum annual contribution amount for 2012 is:**
 - \$3,100 Individual coverage
 - \$6,250 Family Coverage
- **2012 Catch-up Contributions for HSA owners ages 55+**
 - \$1,000 for 2009 and thereafter

****if the account owner has a spouse who is covered under the HDHP, and they are 55+ ---they qualify to make the catch-up contribution – this contribution would need to be into their own account!



HSA Contributions *(continued)*

- Contributions can be made as late as April 15 of the following year
- Anyone can contribute to an HSA for you
- Contributions are Tax deductible (unless made by your employer)
- Tax-Free earnings through investments/interest
- Tax-Free withdrawals for qualified medical expenses
- Excess Contributions must be withdrawn and taxed as ordinary income plus an additional 10% excise tax



HSA Distributions

- Distributions for qualified medical expenses are not taxed
- Non-qualified expenses are taxable as ordinary income plus an additional 20% penalty
(exceptions: individual's death, disability or reaching age 65)
- Distributions for non-qualified expenses taken after age 65 are taxed current tax rate and are NOT subject to the 20% penalty



What Medical Expenses Qualify?

- Prescriptions and qualified deductible expenses
- Qualified long-term care services and long term care insurance premiums
- COBRA premiums
- Health insurance for those on unemployment compensation
- Eye Exams
- Dental Exams



Advantages of HSAs

- Triple Tax Savings:
 - Tax deductions when you contribute to your account
 - Tax-free earnings through investments/interest
 - Tax-free withdrawals for qualified medical expenses
- Portability-accounts are completely portable if you:
 - Change your medical coverage
 - Move to another state
 - Change your marital status



HSA Beneficiaries

- Surviving spouse becomes the owner of the account and can use it as if it were their own HSA
- No surviving spouse? The account is no longer treated as an HSA. The account passes to your beneficiary, or becomes part of your estate (and is subject to any applicable taxes)



Two Types of Accounts to Meet Your Savings and Investment Needs

Deposit HSA

- Variable Balance
- High Activity
- Easily Accessible
- Online Bill Pay
- FDIC Insured Account

Mutual Fund Account

- Growth-oriented account
- Low level of activity
- Higher balances
- Online Management
- Not FDIC Insured!



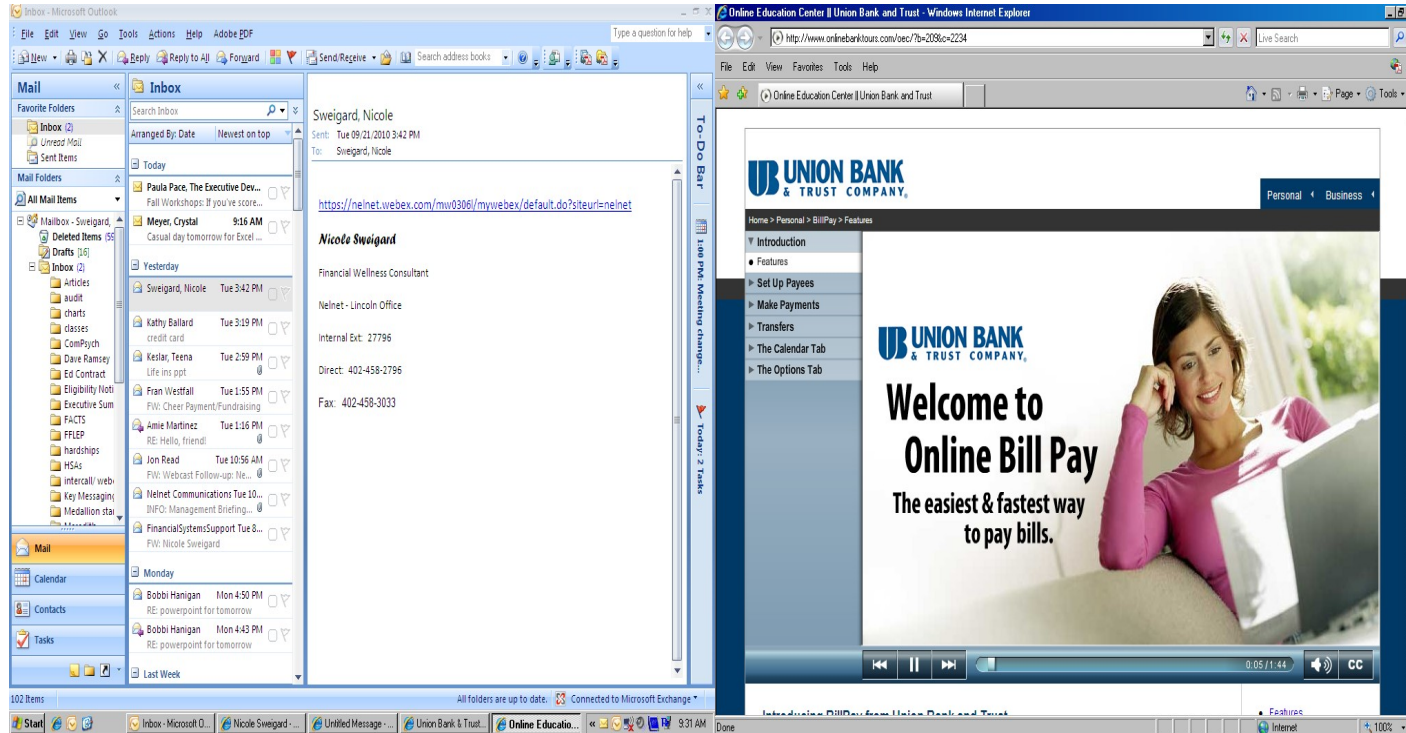
Accessibility

The balances in your Deposit HSA Account are immediately accessible using your:

- **HSA debit card** (You will assign a PIN when you complete your account documents. You will be required to use this PIN to activate your debit card when you receive it. This can be done by going to any ATM, requesting a **BALANCE INQUIRY** for a **CHECKING ACCOUNT** using the PIN that you assigned)
- **Free Online BillPay**
- **Checks-you may choose to purchase checks for your account!**



Online Bill Pay



<http://www.ubt.com/tools/library/demos.html>



HSA Enrollment Process for Deposit HSA Account

Online Enrollment:

- Go to <http://www.ubt.com> and click on Online Applications
 - *remember to enter Educators Health Alliance as your Employer and Retired as your Occupation**
- Applicants can choose to receive account documents via secure e-mail or regular mail. Once these documents have been completed and returned to Union Bank, the account will be opened and the Debit Card will be ordered.



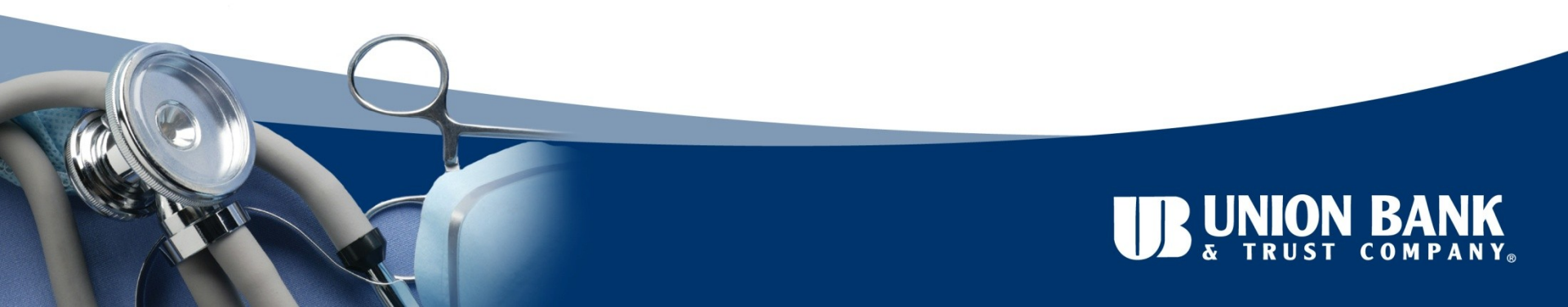
Health Savings Accounts Encourage Healthy Living

- Preventative care is not a deductible expense and is covered at 100% by your CDHP
- You get to keep the money you do not use
- Proactive approach to health care



Account Owner Responsibility

- If you have specific tax questions, please consult your tax professional
- Union Bank & Trust is not responsible for monitoring the account for proper usage
- Please remember that when used properly, the Health Savings Account offers Triple Tax Savings!! Tax-Free Contributions, Tax-Free Earnings, and Tax-Free Qualified Distributions
- It is the Account Owner's responsibility to maintain all records and receipts for the account



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