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This brochure is effective for tax-year 2010. This brochure is intended to provide general information concerning federal tax laws governing HSAs. 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.

For specific information, you are encouraged to consult your tax or legal professional. The IRS's web site, www.irs.gov, may also provide helpful information.

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Rev. 02/10

HSA

Health Savings Account

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 qualified medical expenses of you and your family.

Am I eligible for a HSA?

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

- Are covered under a high-deductible health plan (HDHP);
- Are not covered by other health insurance (does not apply to specific injury insurance and accident, disability, dental care, vision care, long-term care);
- Are not entitled to benefits under Medicare, and;
- May not be claimed as a dependent on another individual's tax return.

What is a HDHP?

A HDHP is a plan with an annual deductible of at least \$1,200 for individual coverage or \$2,400 for family coverage. These amounts are subject to cost-of-living adjustments (COLAs).

Are there other requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses. The maximum out-of-pocket expenses, which include money applied to your deductible and your coinsurance for covered charges, must be no more than \$5,950 for individual coverage and no more than \$11,900 for family coverage. These amounts are subject to COLAs.

Who can contribute to my HSA?

If you meet the eligibility requirements for a HSA, you, your employer, and your family members may contribute to your HSA. This is true whether you are self-employed or unemployed.

How much can I contribute to my HSA?

The maximum annual contribution amount is generally the lesser of 100 percent of the annual deductible under the HDHP or a specified amount (subject to COLAs).

For 2010 and after, the specified amount is \$3,050 for individual coverage and \$6,150 for family coverage.

Additionally, a "catch-up" contribution is available for eligible individuals who have attained age 55 by the end of their taxable year but have not attained age 65. The chart that follows shows these additional amounts.

CATCH-UP CONTRIBUTION

Tax Year	Catch-up Account
2009/2010	\$1,000

What are the federal tax benefits of a HSA?

Contributions to a HSA are fully deductible, the earnings grow tax deferred, and distributions for qualified medical expenses are tax free. **Consult with your tax or legal professional for guidance.**

When is the contribution deadline for funding a HSA?

Regular and catch-up HSA contributions can be made at any time for a taxable year up to and including your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15.

Austin Bank HSA information:

Minimum to open:	\$100.00
Account set-up fee:	\$15.00 (one time fee)
Monthly maintenance fee:	\$5.00 if minimum balance is below \$100.00
Interest rate:	Accrues daily on the actual collected balance of \$1,500.00 and above. Pays quarterly at rates set periodically.