

**Simple.  
Convenient.  
Affordable.**

## The U.S. Bank Health Savings Solution<sup>SM</sup> HSA



### Why choose a High Deductible Health Plan (HDHP)?

The **HDHP** offers lower premium costs and may allow you to set aside tax-free dollars in a Health Savings Account (HSA) to pay for current or future healthcare expenses or use to build funds for retirement. HDHP benefits include:

- lower health insurance premiums
- greater flexibility in how your healthcare dollars are spent
- ability to contribute to a tax-advantaged HSA

### Why choose a Health Savings Account (HSA)?

An **HSA** is a tax-advantaged account established to pay for qualified medical expenses. HSA benefits include:

- no “use-it-or-lose-it” requirement; remaining account balance will carry over from year to year
- control over your healthcare spending; pay for qualified medical expenses or save for future medical expenses or retirement
- contributions are tax deductible, and earnings along with withdrawals from an HSA are tax-free when used to pay for qualified medical expenses\*
- the account goes with you even if you change jobs or insurance coverage

### Why choose a U.S. Bank Health Savings Solution HSA?

As a **nationally recognized and trusted bank**, we provide a comprehensive HSA product, including benefits you won't find with other HSA providers:

- FDIC insured, interest bearing checking account
- automatic contributions through payroll deduction
- easy access to funds with a Visa<sup>®</sup> debit card(s) and HSA checks
- variety of mutual fund investment options
- HSA dedicated call center available to answer your questions



# Frequently Asked Questions

## How it Works

### It's Affordable.

Your HDHP and U.S. Bank HSA work together as an affordable way to help you manage your healthcare spending.

- free HSA Visa® debit card(s) and initial supply of checks
- no-load mutual fund investment options
- online access to the Healthcare Toolbox, including tools designed to help you make more informed healthcare decisions

### It's Convenient.

You can manage your HSA through:

- Web, IVR and dedicated call center access
- three convenient contribution methods
- easy access to funds with debit card(s) and checks
- fully integrated investment options

### It's Simple.

You can easily pay for qualified medical expenses with your HSA Visa® debit card(s) or HSA checks.

#### Pharmacy visit:

1. Fill a prescription or purchase over-the-counter medication
2. Swipe your HSA debit card
3. Save a copy of the receipt for your records

#### Doctor visit:

1. Doctor submits claim to insurance carrier
2. Health plan adjudicates claim and sends Explanation of Benefits (EOB)
3. Provide your method of payment with the provider's bill
4. Save a copy of the bill for your records

## What can I use the HSA for?

The HSA can be used:

- to pay for qualified medical, dental, vision and certain over-the-counter and prescription drug expenses as defined in IRS Publication 502
- as supplemental retirement income. Money withdrawn is taxable as ordinary income and if you are age 65 or over, it will not be subject to a 10% penalty tax

## How much can I contribute to my HSA?

In 2009, your annual HSA contribution may not exceed IRS limits of \$3,000 for individual coverage or \$5,950 for family coverage. IRS limits are indexed for inflation on an annual basis. Visit the U.S. Treasury link on our Web site for updates.

## If I change employers, what happens to my HSA?

Since you are the owner of the HSA, you may continue to maintain the account if you change employers.

## How do I pay for medical services?

Medical services can be paid for with your HSA Visa® debit card or checks.

## What happens to my remaining account balance at the end of the year?

Any remaining balance will carry over to the next year (no use-it-or-lose-it requirement).

## How do I make contributions?

Contributions can be made through payroll deduction with your employer, by setting up ad hoc or recurring eContributions on the Health Savings Solution Web site, or by mailing a deposit coupon and check to the U.S. Bank mailing address provided on your customized deposit coupons.

*For a complete list of Frequently Asked Questions, please visit our Web site at [www.healthsavings.usbank.com](http://www.healthsavings.usbank.com).*

## What are catch-up contributions for individuals age 55 or older?

For individuals between the ages of 55 and 65, the HSA contribution limit is increased by \$1,000 in calendar year 2009 and after.

## What are the "qualified medical expenses" that are eligible for tax-free distributions?

Qualified medical expenses are expenses paid by you for services such as diagnosis, cure, treatment, or prevention of disease. Examples of these expenses are certain over-the-counter and prescription drugs, qualified long-term care expenses, and certain health insurance premiums. Such expenses are "qualified medical expenses" only if they are ineligible for insurance or any other type of coverage. View IRS Publication 502 on our Web site for more details.

## What are the tax benefits of an HSA\*?

An HSA provides you triple tax savings by allowing:

- tax deductions from gross income when you contribute to your HSA;
- tax-free earnings through interest and investments;
- tax-free withdrawals for qualified medical expenses.

## Who is responsible for determining whether HSA distributions are used exclusively for qualified medical expenses?

As the HSA accountholder, you must ensure that distributions are used for qualified medical expenses. Records of medical expenses should be maintained as evidence that distributions have been made for these purposes. You are responsible for ensuring contributions to the HSA do not exceed IRS limits.

## Getting Started

### Visit the U.S. Bank Healthcare Toolbox.

Visit [www.healthsavings.usbank.com](http://www.healthsavings.usbank.com) to learn about and access tools to assist you in making important medical and financial healthcare decisions.

- Coverage Advisor helps determine which health plan is best for you and your family.
- Healthcare Advisor provides the resources to research medical procedures, medications, hospitals, questions to ask your doctor and much more.

### Enroll.

Follow the [3 easy steps to get started](#):

1. Enroll in an HDHP with your employer
2. Elect to open a U.S. Bank HSA
3. Activate your HSA upon receipt of your Welcome Kit in the mail. It includes useful information on activating, accessing and using your HSA.

Your free HSA Visa® debit card(s) will be mailed once you activate your account.

### Invest In Your Future.

When your U.S. Bank HSA balance reaches a designated threshold, you have the option of investing excess HSA dollars into HSA investments\*\*:

- includes 20 mutual fund options from respected fund families
- funds can be automatically or manually deposited from your HSA to the investment account

\*\*Please read the **Important Information** section on the back.

*Turning healthcare users into smart consumers<sup>SM</sup>*

# Accountholder Support

Web Site	Phone	Statements/Forms
<ul style="list-style-type: none"> <li>• <a href="http://healthsavings.usbank.com">healthsavings.usbank.com</a></li> <li>• View account balance and transaction history</li> <li>• Make contributions via eContribute</li> <li>• Initiate investment transactions and view investment prospectuses</li> <li>• Access HSA materials and monthly statements</li> <li>• Activate debit card(s) and order checks</li> </ul>	<ul style="list-style-type: none"> <li>• 877-HSA-6789</li> <li>• Service Representatives are available Monday through Friday, 8:00 a.m. - 7:00 p.m. CT</li> <li>• Interactive Voice Response (IVR) available 24/7</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly electronic or paper statements</li> <li>• Annual 1099-SA and 5498-SA notices</li> <li>• Account maintenance forms available online, such as a beneficiary form and secondary card holder form</li> </ul>

*U.S. Bank Health Savings Solution is your convenient, one-stop Health Savings Account solution for today and tomorrow.*



**877-HSA-6789**  
**healthsavings.usbank.com**



\* Taxes and penalties may apply under certain circumstances.

#### IMPORTANT INFORMATION

This Health Savings Account (HSA) is a custody account with U.S. Bank serving as the custodian. Terms and conditions of the HSA are included in your Application and Agreement. U.S. Bank deposit products that are held in the HSA are FDIC insured, subject to FDIC insurance limits.

\*\* Non-deposit investment products, such as mutual funds, are not deposits or obligations of, or guaranteed by U.S. Bank or any of its affiliates, nor are they insured by the Federal Deposit Insurance Company (FDIC), or any other government agency. Past returns of investment products do not guarantee future results. Mutual fund prospectuses provide detailed information about fund investment objectives and fees. Read a mutual fund's current prospectus carefully before investing.

U.S. Bank does not provide legal, tax, or investment advice to HSA accountholders. Contact a qualified accountant, attorney or investment adviser for tax, legal or investment advice.

NOT A DEPOSIT	NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY			



## Health Savings Account Q&A

### WHAT ARE HSAs AND WHO CAN HAVE THEM?

#### 1. What is an HSA and how does it work?

An HSA is a tax-advantaged account established to pay for qualified medical expenses for those who are covered under a high deductible health plan. With money from this account, you pay for health care expenses until your deductible is met. Then, in accordance with the terms of your health care plan, your insurance company pays for covered expenses in excess of your deductible. Any unused funds are yours to retain in your HSA and accumulate toward your future health care expenses or your retirement.

#### 2. Who qualifies for an HSA?

An eligible individual is anyone who:

- is covered under a high deductible health plan (HDHP)
- is not covered by any other health plan that is not an HDHP
- is not currently enrolled in Medicare or TRICARE
- has not received medical benefits through the Department of Veterans Affairs (VA) during the preceding three months
- may not be claimed as a dependent on another person's tax return

#### 3. Who qualifies as a dependent?

A person generally qualifies as your dependent for HSA purposes if you claim them as an exemption on your federal tax return. Please see IRS Publication 502 for exceptions. [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf).

#### 4. What is a "high deductible health plan" (HDHP)?

An HDHP is a health plan that satisfies certain requirements with respect to deductibles and out-of-pocket expenses. In 2009, for self-only coverage, an HDHP has an annual deductible of at least \$1,150 and annual out-of-pocket expenses (deductibles, co-payments and other amounts, but not premiums) not exceeding \$5,800 (as indexed). For family coverage in 2009, an HDHP has an annual deductible of at least \$2,300 and annual out-of-pocket expenses not exceeding \$11,600. HDHP qualifying deductibles and annual out-of-pocket-expenses are indexed for inflation on an annual basis. Visit [www.treas.gov](http://www.treas.gov) and click on "Health Savings Accounts" for updates.

#### 5. What kind of other health coverage makes an individual ineligible for an HSA?

Generally, an individual is ineligible for an HSA if the individual, while covered under an HDHP, is also covered under a health plan (whether as an individual, spouse, or dependent) that is not an HDHP.

#### 6. What other kinds of health coverage may an individual maintain without losing eligibility for an HSA?

An individual does not fail to be eligible for an HSA merely because, in addition to an HDHP, the individual has coverage for any benefit provided by "permitted insurance." Permitted insurance is insurance under which substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (e.g., automobile insurance), insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization.

In addition to permitted insurance, an individual does not fail to be eligible for an HSA merely because, in addition to an HDHP, the individual has coverage (whether provided through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care.

#### 7. What can I use the HSA for?

The HSA can be used:

- to pay for qualified medical, dental, vision and certain over-the-counter and prescription drug expenses as defined in IRS Publication 502
- as supplemental income, but money withdrawn is taxable and if you are under age 65, it will be subject to a 10% penalty

**8. What if I use my HSA to pay for something other than a qualified medical expense?**

If you are under age 65, it will be subject to applicable income taxes and a 10% penalty.

**9. Are health insurance premiums qualified medical expenses?**

Generally, health insurance premiums are not qualified medical expenses. Exceptions include qualified long-term care insurance, COBRA health care continuation coverage, any health plan maintained while receiving unemployment compensation under federal or state law, and for those age 65 or over (whether or not they are entitled to Medicare) any employer-sponsored retiree medical coverage premiums for Medicare Part A or B, or Medicare HMO. Conversely, premiums for Medigap policies are not qualified medical expenses.

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CONTRIBUTIONS TO HSAs

**10. Who may contribute to an HSA?**

Anyone may contribute to the HSA of an eligible individual. If an employee establishes an HSA, for example, the employee, their employer, or both may contribute to the employee's HSA in a given year. If a self-employed or unemployed individual establishes an HSA, that individual may contribute to the HSA. Family members may also make contributions to an HSA on behalf of another family member as long as that other family member is an eligible individual.

**11. Can I enroll in both an HSA and a health Flexible Spending Account (FSA)?**

If you enroll in both an HSA and an FSA or Health Reimbursement Arrangement (HRA), you cannot make deductible contributions to the HSA for that coverage period if the FSA or HRA are "general purpose" arrangements that pay or reimburse for qualified medical expenses. However, you still may be able to make deductible contributions to an HSA even if you are also covered under an FSA or HRA if those arrangements are "limited purpose" FSAs or HRAs that restrict reimbursements to certain "permitted benefits" such as vision, dental or preventive care benefits. Other permissible combinations include "suspended HRAs" and "post-deductible" FSAs or HRAs. Contact your legal or tax adviser to review these situations.

**12. How much can I contribute to my HSA?**

In 2009, your annual HSA contribution may not exceed IRS limits of \$3,000 for individual coverage or \$5,950 for family coverage. IRS limits are indexed for inflation on an annual basis. Visit [www.treas.gov](http://www.treas.gov) and click on "Health Savings Accounts" for updates.

**13. If I open my HSA on June 1, what is my permitted contribution amount for that year?**

Maximum annual HSA contributions can be made anytime during the year, regardless of when, during that year, the HSA was opened. For example, if an individual opens an HSA on June 1, the full contribution of \$3,000 can be made for that year, and then another full contribution can be made after January 1 of the following year. Penalties may apply if HDHP coverage does

not continue for 12 months. Tax-deductible limits and HDHP qualifying deductibles are indexed for inflation on an annual basis. Visit [www.treas.gov](http://www.treas.gov) and click on "Health Savings Accounts" for updates.

**14. Can I change my contributions to my HSA during the year?**

Generally, if you make contributions through an employer's cafeteria plan, you will not be subject to the "change in status" rules applicable to other qualified benefits. If this is the case, you will be able to make changes in your contributions by providing the applicable notice of change provided by your employer. If you do not contribute to your HSA through a cafeteria plan, you are free to start, stop, or modify your contributions at any time.

**15. How do I make contributions?**

Contributions can be made through payroll deduction with your employer, by setting up ad hoc or recurring eContributions on the Health Savings Solution Web site, or by mailing a check and deposit coupon to the U.S. Bank mailing address provided on your customized deposit coupons.

**16. My HSA deduction is shown in Box 12 of my W-2 as Code W. Why is it designated as an employer contribution when I have contributed the money to the account?**

Consistent with applicable IRS guidelines, HSA deductions reported on your W-2 in Box 12 as Code W (employer contribution) include employer and employee contributions made through the section 125 cafeteria plan as a pre-tax salary deferral. This includes all contributions made via salary deferral whether the funds came out of your paycheck or from your employer. Because of the portability of this deduction, you are required to complete an additional tax form. Form 8889 and instructions are available at [www.irs.gov](http://www.irs.gov).

**17. Will HSA contributions that I made via lockbox deposit or online via eContribute show up on my W-2?**

No. Contributions made by either of these methods are considered after-tax contributions for purposes of W-2 reporting. In order to receive the tax benefit of after-tax contributions, you must claim them on your tax return.

**18. When can HSA contributions be made? Is there a deadline for contributions to an HSA for a taxable year?**

For an established HSA, contributions for the taxable year can be made in one or more payments at any time after the year has begun and prior to the individual's deadline (without extensions) for filing the eligible individual's federal income tax return for that year. For most taxpayers, this is April 15 of the year following the year for which contributions are made.

**19. What happens when HSA contributions exceed the maximum amount that can be deducted or excluded from gross income in a taxable year?**

Contributions by individuals to an HSA, or if made on behalf of an individual to an HSA, are not deductible when they exceed the limits. Contributions by an employer to an HSA for an employee are included in the gross income of the employee if they exceed the limits or if they are made on behalf of an employee who is not an eligible individual. In addition, if not withdrawn in a timely manner, an annually assessed excise tax of 6% is imposed on the accountholder for excess individual and employer contributions.

**20. What are catch-up contributions for individuals age 55 or older?**

For individuals between the ages of 55 and 65, the HSA contribution limit is increased by \$1,000 in calendar year 2009 and after.

**21. If my spouse is age 55 or older, am I eligible to make the catch-up contribution?**

No. The primary accountholder must be age 55 or older in order to make the catch-up contribution.

**22. What happens to my remaining account balance at the end of the year?**

Any remaining balance will carry over to the next year (no use-it-or-lose-it requirement).

**23. Can I contribute funds from my Individual Retirement Arrangement (IRA) to my HSA?**

During your lifetime, you are allowed a one-time contribution from one of your IRA(s) to one of your HSA(s). The contribution must be made in a direct trustee-to-trustee transfer. The IRA transfer will not be included in income or subject to additional tax due to early withdrawal. The transfer is limited to the maximum HSA contribution for the year and the amount contributed is not allowed as a deduction. Penalties may apply if HDHP coverage does not continue for 12 months.

**24. Are rollover contributions from Archer MSAs and other HSAs permitted?**

Yes. Rollover contributions from Archer MSAs and other HSAs are permitted. Qualifying rollover contributions must be made in cash and are not subject to annual contribution limits.

**25. Are rollover contributions from HRAs and health FSAs permitted?**

Yes. Rollover contributions from HRAs and health FSAs are permitted. The amounts rolled over to HSAs from FSAs or HRAs are over and above the amounts allowed as annual contributions. The maximum contribution is the balance in the FSA or HRA as of September 21, 2006, or if less, the balance as of the date of the transfer. The provision is limited to one distribution with respect to each health FSA or HRA of the individual. Penalties may apply if HDHP coverage does not continue for 12 months.

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**DISTRIBUTIONS & ACCOUNTHOLDER RESPONSIBILITIES**

**26. When can I initiate distributions from an HSA?**

Once your account is funded and activated, you can initiate distributions from the HSA at any time.

**27. What are the "qualified medical expenses" that are eligible for tax-free distributions?**

Qualified medical expenses are expenses paid by the accountholder for diagnosis, cure, mitigation, treatment, or prevention of disease. Examples of these expenses are certain over-the-counter and prescription drugs, transportation to care providers, qualified long-term care expenses, and certain health insurance premiums (see question 9). Such expenses are "qualified medical expenses" only if they are ineligible for insurance or any other type of coverage. For more information, visit [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf).

**28. How are distributions from an HSA taxed?**

Distributions from an HSA used exclusively to pay for qualified medical expenses of the accountholder, his or her spouse, or dependents are tax exempt and not included in gross income. In general, amounts retained in an HSA can be used for qualified medical expenses and will be excludable from gross income even if the individual is not currently eligible to make contributions to the HSA.

However, any amount of the distribution not used exclusively to pay for qualified medical expenses of the accountholder, spouse or dependents is includable in gross income of the accountholder. Such distributions are subject to an additional 10% tax on the amount includable, except in the case of distributions made after the accountholder's death, disability, or attaining age 65.

### 29. How do I pay for medical services?

Medical services can be paid for with your Health Savings Solution debit card or checks.

### 30. Is there a PIN associated with the Health Savings Solution debit card?

No, a PIN is not necessary since money cannot be withdrawn from ATMs with the Health Savings Solution debit card.

### 31. What happens if the HSA has insufficient funds for payment?

Overdraft fees may be assessed for returned checks or debit card transactions which are rejected.

### 32. Is tax reporting required for an HSA?

Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. You do not have to itemize to complete this form.

### 33. What are the tax rules of an HSA?

An HSA provides you triple tax savings by allowing:

- tax deductions from gross income when you contribute to your HSA;
- tax-free earnings through interest and investments; and
- tax-free withdrawals for qualified medical expenses.

### 34. How are distributions taxed after the accountholder is no longer an eligible individual?

Distributions used exclusively to pay for qualified medical expenses are not taxed, whether or not the accountholder is eligible to contribute to an HSA at the time of distribution.

### 35. What happens to the HSA if I die?

Upon death, ownership of the HSA is transferred to your designated beneficiary.

### 36. What are the income tax consequences for the beneficiary after the HSA accountholder's death?

Upon death, any balance remaining in the accountholder's HSA becomes the property of the individual named in the HSA as the beneficiary of the account. If the accountholder's surviving spouse is the named beneficiary of the HSA, the HSA is treated as though the surviving spouse were the accountholder, and distributions used for qualified medical expenses are not subject to income tax.

If, by reason of the death of the accountholder, the HSA passes to a person other than the accountholder's surviving spouse, the HSA ceases to be an HSA as of the date of the accountholder's death, and the person is required to include in gross income the fair market value of the HSA assets as of the date of death.

### 37. Who is responsible for determining whether HSA distributions are used exclusively for qualified medical expenses?

As the HSA accountholder, you must ensure that distributions are used for qualified medical expenses. Records of medical expenses should be maintained as evidence that distributions have been made for these purposes. You are responsible for ensuring contributions to the HSA do not exceed IRS limits.

### 38. If I change employers, what happens to my HSA?

Since you are the owner of the HSA, you may continue to maintain the account if you change employers.

### 39. How will HSA statements be delivered and how frequently?

Monthly HSA statements itemizing deposits and withdrawals will be available online or you may opt to receive paper statements at an additional fee.

### 40. Can I reimburse myself with HSA funds for qualified medical expenses incurred prior to my enrollment in an HSA?

No. Qualified medical expenses may only be reimbursed, tax-free, if the expenses are incurred after the date your HSA was established.



#### IMPORTANT INFORMATION

This Health Savings Account (HSA) is a custody account with U.S. Bank serving as the custodian. Terms and conditions of the HSA are included in your HSA Application and Agreement. U.S. Bank deposit products that are held in the HSA are FDIC insured, subject to FDIC insurance limits.