

HEALTH SAVING ACCOUNTS (HSAs)

What is a HSA?

A Health Savings Account (HSA) is a savings account that allows you to set aside funds on a tax-free basis for the payment of qualified medical expenses, including dental and vision expenses, incurred now or after you retire. HSAs are available to individuals who are enrolled in a high-deductible health plan (HDHP). A qualified HDHP is a health plan that meets federal requirements with an employee and family 'minimum annual deductible' (*minimum annual deductibles for 2015 are \$1,300 for employee-only coverage and \$2,600 for family coverage*).

Individuals or their employers may make tax-free contributions to an eligible employee's HSA. Even if your employer has made contributions, the ownership of the HSA belongs with the employee and will remain with the employee when the employment relationship ceases to exist. Total annual contributions may not exceed IRS contribution limits. The IRS will impose a penalty and assess tax on excess contributions. Unused money in an individual's HSA isn't forfeited at the end of the year; the money continues to grow, tax-deferred, and may be used for the payment of future qualified healthcare expenses.

Am I Eligible to Establish and Contribute to an HSA?

Part I: HDHP Participation

- Were you enrolled in a qualified high deductible healthcare plan (HDHP) on the first day of the month for which funds are to be deposited into your HSA? YES NO

If you answered 'NO' to this question, you may not be eligible to establish or contribute to a HSA.

Part II: Employee Healthcare Coverage

- Are you covered by any other health care plan that is not a HDHP? YES NO
- Are you covered by your spouse's or parent's healthcare plan that is not a HDHP? YES NO
- Are you covered by a Section 125 Healthcare Flexible Spending Account? YES NO
- Are you covered by your spouse's Section 125 Healthcare Flexible Spending Account? YES NO
- Are you covered under a military healthcare plan? YES NO
- Are you 65 years old or older? YES NO
- Are you enrolled in or have you registered for Medicare coverage (Part A, Part B, or Part D) or Tricare? YES NO
- Are you receiving or have you applied for Social Security benefits, including disability benefits? YES NO
- Are you claimed as a dependent on another person's tax return? YES NO

- Have you received Veterans Administration medical benefits within the past three (3) months? YES NO
- Are you covered under COBRA continuation healthcare coverage through a healthcare plan that is not a HDHP? YES NO

Part III: Family Healthcare Coverage

- Do you have family coverage and your spouse is covered under a military healthcare plan? YES NO
- Do you have family coverage and your spouse is 65 years old or older? YES NO
- Do you have family coverage and your spouse is enrolled in or has registered for Medicare (Part A, Part B, or Part D) or Tricare? YES NO
- Do you have family coverage and your spouse is receiving or has applied for Social Security benefits, including disability benefits? YES NO
- Do You have family coverage and your spouse received Veterans Administration medical benefits within the past three (3) months? YES NO
- Do you have family coverage and your spouse can be claimed as a dependent on another person's tax return? YES NO

Even if an individual is not allowed to contribute to an HSA, the individual is still eligible to hold a pre-existing HSA and distribute money tax-free for reimbursable medical expenses from the HSA. You may use your HSA to pay for healthcare plan covered medical expenses applied toward your HDHP deductible. Additional qualified medical expenses include: dental treatments, eye exams, glasses and contact lenses, laser vision correction, long-term care, mental health care, acupuncture, prescribed medications, COBRA coverage, qualified long-term care insurance and Medicare premiums.

Contributions can be made by or on behalf of an individual for any month that the individual has qualifying high-deductible healthcare coverage as of the first day of the month. When an individual has qualifying high-deductible healthcare coverage for only part of the year, up to 1/12 of the annual limitation can be contributed and deducted for each month the individual has proper coverage.

An individual who is an eligible individual on the first day of the last month of the individual's tax year is treated as having been an eligible individual for the entire year. However, if the individual is not an eligible individual on the last day of the last month of the following year, any contributions not allowable except by this rule are includable in income and subject to a 10% penalty.

What are Catch Up Contributions?

Catch up contributions allow an individual who is 55 or older to make an additional contribution to their HSA. Consult with your tax advisor for the current year's catch up contribution amount.

EMPLOYEE HSA ACKNOWLEDGEMENT

I, _____, agree that I have read the employer’s HSA eligibility checklist and understand the rules and requirements of being eligible to establish and contribute to a HSA.

I agree that if I, or anyone covered by my health insurance offered by my employer, at any time, become ineligible to contribute to a HSA, whether through actions of my own or others, I will inform my employer so as to not receive HSA contributions that I am not entitled to.

I acknowledge that if I find out at a later date that I, or anyone covered by my health insurance offered by my employer, was not eligible to make HSA contributions as of an earlier date, I will return any employer contributions made after that date of ineligibility, whether they have been spent or not.

Upon becoming eligible for Medicare, I will inform my employer immediately if I, or anyone covered by my health insurance offered by my employer, enroll in Medicare Part A, Part B, or Part D.

Upon becoming eligible for Social Security, I will inform my employer immediately if I, or anyone covered by my health insurance offered by my employer, apply for Social Security benefits.

I understand that if I continue to contribute to a HSA when I, or anyone covered by my health insurance offered by my employer, are not eligible to do so, I am responsible for paying any additional taxes and penalties these contributions would generate. I will also be responsible for filing amended tax returns for prior years to reflect these ineligible contributions. This is not the responsibility of my employer.

Employee’s Name (Signed)

Date

Employee’s Name (Printed)