

WHAT ARE THEY?	<ul style="list-style-type: none"> • Tax-favored, IRA-type savings accounts to pay qualified medical expenses
COMPONENTS	<ul style="list-style-type: none"> • HSAs consist of a high-deductible health plan (HDHP) and a savings account
AVAILABILITY	<ul style="list-style-type: none"> • Individuals and any size group, fully insured or self insured
ELIGIBILITY	<ul style="list-style-type: none"> • Any individual or employee covered by a High-Deductible Health Plan as of the first of any month. The individual or employee may not be eligible as a dependent on another person's tax return or may not be enrolled in Medicare.
HEALTH PLAN	<ul style="list-style-type: none"> • High-deductible health plan (HDHP) of a certain/specific design defined by law.
HDHP DEDUCTIBLE	<ul style="list-style-type: none"> • For 2010: minimum \$1,200 (individual) / \$2400 (family).
MAX OUT-OF-POCKET	<ul style="list-style-type: none"> • For 2010: maximum \$5,950 (individual) / \$11,900 (family) <ul style="list-style-type: none"> › note: the above amounts indexed to CPI annually rounded to the nearest \$50 › note: out of pocket maximums (in network) must include deductible, co-pays and coinsurance › note: only In Network deductible and max out of pocket are considered for the HSA.
CO-PAY ALLOWED?	<ul style="list-style-type: none"> • No coverage prior to satisfaction of annual deductible, including Rx* (certain Preventive Care excepted)
CONTRIBUTION	<p><i>With HSAs, "contributions" mean deposits to an individual's account.</i></p> <ul style="list-style-type: none"> • \$3,050 for individuals / \$6,150 for families (for 2010) no matter what your HDHP deductible is. • For spouses with two plans, plan with lowest deductible counts for contribution <ul style="list-style-type: none"> › note: contribution amounts are indexed to CPI annually and rounded to the nearest 50 • Catch-up contributions, rollovers from HSAs or MSAs in addition to contribution limit
ADDITIONAL CONTRIBUTIONS	<ul style="list-style-type: none"> • Additional or catch-up contributions available for those ages 55 and over who are not yet enrolled in Medicare. • Catch-up contributions in 2010 are \$1000 for each eligible individual and increase \$100 per year through 2011 • When both spouses covered by HDHP, they may make two catch-up contributions
WHO MAY CONTRIBUTE?	<ul style="list-style-type: none"> • Individuals, Employees, Employers to Employee's accounts. Any person may contribute to another person's HSA.
FORM OF CONTRIBUTIONS	<ul style="list-style-type: none"> • May be made in one or more payments, same or different amounts up to tax-filing deadline • Contributions must be made in cash • Contributions may be made through a cafeteria plan • Contributions may be made through salary deduction
CONTRIBUTIONS	<p>If an HDHP and Savings account are opened in 2010, the entire year's contribution may be made</p>
COMPARABLE CONTRIBUTIONS	<ul style="list-style-type: none"> • An employer who contributes must make available the same dollar or percentage amount for all eligible employees (eligible meaning those covered by HDHP single and family coverage) • Contributions violating the Comparability rule subject to ordinary taxation and 35% excise tax for all amounts contributed during that period
DISTRIBUTION	<p><i>In HSAs, "distribution" means withdrawal or spending from the HSA account.</i></p> <ul style="list-style-type: none"> • Distribution for qualified IRC 213(d) expenses is tax-free • Distribution for other than qualified expenses is taxable and subject to 10% excise tax • Distribution for other than qualified expenses after age 65: not subject to penalty • Certain insurance premiums may be paid tax-free, but not health insurance premiums
TAXATION	<ul style="list-style-type: none"> • Individual/Employee contributions not includable in gross income. • Employer contributions deductible for employer. • Employer contributions tax-free to employees • Employer contributions through a cafeteria plan or salary reduction are tax-deductible to employer and no withholding • Employee contributions through cafeteria plan or salary reduction are tax-deductible and no withholding • Total contributions exceeding the maximum allowable limit are taxed and subject to 6% excise tax • Earnings on HSA accounts are tax-free • Tax-exempt status does not apply to state taxes in California
REPORTING	<ul style="list-style-type: none"> • Employer reports on W-2 • Employee reports on new form 8889 and attaches to 1040 • Trustee/Custodian may only accept cash deposits and usual IRS-required reporting as with IRA.

This is an overview only and does not contain all of the HSA provisions. For detailed provisions, see Treasury Document 2004-2, 2004-50, 2004-71