



**CHECKLIST:**

- Employer Brochure
- Employee Brochure
- Account Features and Benefits
- Investment Flier
- Personal Bio

Client Assistance Center  
(877) 247-1332  
Monday - Friday, 8am - 10pm

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### About HSA Bank

HSA Bank is a Milwaukee-based company and one of the nation's leading Health Savings Account (HSA) administrators. We serve more than 500,000 accountholders with nearly a billion dollars in HSA assets. We focus solely on the administration, service and support of our HSA product. Our philosophy is to do what we do best and partner with others who do the same to provide a best-of-breed solution.

HSA Bank is among the most experienced HSA administrators in the country. We entered the consumer-driven health care market in 1997 by offering Medical Savings Accounts to small employers and the self-employed. With the passage of the Medicare Prescription Drug, Improvement & Modernization Act of 2003, which established Health Savings Accounts, HSA Bank immediately, redefined its product offering to provide and service HSAs. HSA Bank is a division of Webster Bank, N.A., subsidiary of Webster Financial Corporation (NYSE: WBS).

### Q What is a health savings account?

A A Health Savings Account (HSA) is a tax-favored account used in conjunction with an HSA-compatible health plan. The HSA allows you to contribute funds on a pre-tax or tax-deductible basis, which you may use to pay for eligible medical expenses. The HSA compatible plan typically has lower premiums and a higher deductible. The HSA provides you with a means to pay for qualified medical expenses with tax free money.

### Q How do you know if an HSA is right for you and your family?

A HSA Bank has many tools and calculators available online that provides education and advice around HSA basics, the benefits of using an HSA from person to person, and comparing a traditional health plan and an HSA compatible health plan to determine which plan is best suited to fit your customer's needs.

**Q** What are the primary benefits of a health savings account for the employer and employees?

**A** 3 benefits to employees:

1) **Contribution Tax Benefits:** If your employer offers a payroll deduction through a Section 125 Cafeteria Plan, you can make contributions to your HSA on a pre-tax basis. The deduction is removed from your paycheck prior to taxes being applied and deposited into your HSA. Ask your employer if they facilitate pre-tax deductions.

Contributions can also be made post-tax as an “above-the-line” deduction. This means you can reduce your taxable income by the amount you contribute to your HSA. HSA Bank will send you all the documents you need to complete your HSA-related tax filing.

2) **Distribution Tax Benefits:** Eligible medical expenses such as prescriptions or dental and vision care can be purchased tax-free when you use your HSA. You can also pay out-of-pocket for eligible medical expenses and then reimburse yourself from your HSA.

3) **Earnings Tax Benefits:** The interest on HSA funds grows on a tax-deferred basis. And, unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

3 benefits to employers:

1) When an employer elects to offer an HSA compatible benefit plan, they save on premiums.

2) They also save on FICA and other taxes when they facilitate the pretax payroll deductions.

3) And most importantly, they are providing good rich benefits to their employees, as well as a means to save for future medical costs as well. All Tax Free!

**Q** How does an HSA differ from an FSA?

**A** An HSA is a taxed advantaged – interest bearing savings account, which rolls over from year to year and is totally portable thru employment and insurance changes. Unlike an FSA, which does not earn interest and it has the “Use it or Lose It” clause.

- Pros and cons of HSAs vs. FSAs?

The HSA grows tax free, you decide when to use the funds, for qualified medical expenses and when you are over 65, you may also pay for your Medicare premiums from your HSA!

- One of the key facets is account ownership – how does that differ between an HSA and an FSA?

While both accounts provide tax savings, the HSA account provides for a triple tax savings and again rolls over from year to year.

**Q** How does Evans Bank and HSA Bank work together to offer employers, and their employees, HSA plans?

**A** Evans Bank now offers Health Savings Accounts! We decided to partner with HSA Bank (a Division of Webster Bank, N.A., Member FDIC) because they are recognized as HSA experts nationally. By drawing upon HSA Bank’s service and support expertise, we offer a valuable solution to our customers. Our new partnership, then, allows us to leverage the experience of HSA Bank and continue to provide you with the exceptional customer experience that you have come to expect from Evans Bank.

**Q** How many people in the United States have a health savings account, and do you anticipate a large increase in that number in the future?

**A** Close to 12 million Americans already have an HSA and with the onset of the HealthCare Reform, we anticipate approximately 15 % growth in the coming years.

**Q** Can you roll over the money you gain in your health savings account from year to year?

**A** Yes, the IRS code actually makes it rather simple to roll HSA funds from one custodian to another. It is facilitated by the HSA account owner signing what we call a trustee transfer form to give permission for that fund transfer. If an employer wants to change HSA providers-we recommend a 2 step process #1) to set up the new HSA accounts (and many times, payroll deduction) and #2) to sign the trustee transfer form. We find it is less disruptive for the respective HR department and employee to establish the new HSA first.

**Q** Do you have to itemize any of your expenses that come from your health savings account?

**A** The HSA is a personal savings account, the account owner is responsible for maintaining all receipts associated with health care related expenses. Remember that you own the account and not your custodian so therefore you control 100% of the funds in your account. Because your HSA has many tax benefits and in the event you were audited by the IRS, proof of eligible health care reimbursements will assist in making this a smooth process.

**Q** Do some employers match their employees HSA savings much like they would a 401k?

**A** Yes, most Employers today contribute to the employees accounts. Employers contributions must be comparable, either the same dollar amount or same percentage of the deductible amount.

**Q** Why aren't more people choosing the health savings account/high deductible option?

**A** There will be a period of transition for employers and the employee as we continue to understand and feel the impact of today's Health Care Reform. We estimate that most everyone will have an HSA within the next five years and perhaps no one will participate in the traditional FSA. Think about how many people have IRAs today vs. years ago when the IRS began to encourage individual ownership and accountability of retirement funds.

**Q** Do you have to provide a lot of money up front to start a health savings account?

**A** No minimum

**Q** How much money can you contribute to your HSA each year? And, how do you know how much to contribute?

**A** In 2013, for individuals covered with single coverage, they may contribute \$3250. For Family coverage the maximum contributions' are \$6450. And the best part, all contributions reduce your taxable income!!!!

**Q** What are the qualified medical expenses that you can pay for from your health savings account?

**A** An eligible medical expense is an expense that pays for healthcare services, equipment or medications as described in IRS Publication 502.

**IMPORTANT:** In 2011, your Health Savings Account (HSA) may no longer be used for over-the-counter drugs, unless they are prescribed by your doctor.

In general, your HSA can be used for:

1. Expenses applied to your health plan deductible
2. Dental care services
3. Vision care services
4. Prescription services
5. Over-the-counter medications prescribed by your doctor
6. Certain medical equipment

Q Can Evans Bank shop health care providers for me?

A No, but we do refer our customers to The Evans Agency Inc.

Q How do you see HSAs evolving in the future?

A The HSA is a fast moving train! With health care reform and in general people are becoming better consumers overall, and an HSA is an excellent tool to take control of your financial future.

Q How many checks come with the account opening, and how much do they cost thereafter?

A Checks can be ordered at anytime, with a cost of \$7.95 for each book of 50 duplicate checks and 10 deposit slips.

Q When the employer disperses matching funds to their employee HSA accounts, will HSA take one withdrawal out of the employer's account and then allocate funds to the appropriate employees, or does the employer have to make separate deposits to each employees account?

A Depending on the method chosen and used by the employer we can receive an electronic instruction file how to disperse contributions or one company check with an instruction form attached or one wire/ACH from a payroll vendor to fund all accounts, it just depends on the method the employer prefers to utilize.

Q One employee asked if she qualifies for an HSA account if she has 2 insurance plans. She said that her husband was on a low deductible plan, and she was on a high deductible plan...

A She cannot also be covered under his plan to be eligible for the HSA. If she only has the HDHP coverage she can open and fund her HSA regardless of her spouse's coverage so long as she is not covered by it.

Q If a hospital bill comes and charges interest on the balance due-may one use the HSA \$s to pay the interest?

A Yes they can.

Q There is a \$5000 donut hole for clients using Medicare....can an individual in this situation have an HSA and are they able to fund it?

A Once an individual "enrolls" in Medicare, they can no longer make contributions to the HSA. They may however, continue to use the funds in their HSA to pay for eligible medical expenses tax free. They may also pay for LTC insurance, and Medicare premiums other than Medigap. Once 65, they may also use the funds for non-qualified expenses and only pay income tax based on their tax rate for the year.

If a spouse has an HDHP with an HSA and the other spouse is enrolled in Medicare, the HSA funds can be utilized to pay for either spouse's out of pocket expenses, as they are considered dependants for tax filing purposes.

Q Does our debit card ever get blocked?

A Our debit cards are merchant coded, meaning an individual cannot use their debit card at a restaurant, gas station, liquor store, etc by mistake. The card would be rejected. However, I can walk into a Wal-Mart and buy a big screen TV (Wal-Mart has a pharmacy) and it would go through. I cannot walk into a Best Buy and buy that same TV as it would get rejected. Usually as long as a merchant has any qualified medical purchases available the card will work. Personal accountability does go a long way and ultimately the responsibility is on the consumer. The last item to mention is I can use my debit card to reimburse myself for qualified medical expenses so in theory I can buy myself a TV from Wal-Mart as long as I have receipts for qualified medical purchases that I used non HSA funds to make the purchase.

Q Does the beneficiary have to open an HSA for the inherited money? Are they restricted to use that money for qualified health expenses also?

A Beneficiaries are not a requirement of setting up an HSA but are allowed to protect the survivor(s) in case of death. If the beneficiary is a spouse the funds would stay in the HSA and be renamed to the spouse. If someone else, the funds would be sent as a distribution check to the beneficiary and eligible for income taxation.

We cannot disclose beneficiary information with anyone except the accountholder. Please have the accountholder call your custom support number to receive the information and process for death payout.

Q So if I passed away-the account would be renamed under my spouse-correct?

A Only if you designated them as your primary beneficiary beforehand. If they closed the account (for non-medical expense reasons) they would pay income tax and a penalty.

Q If I named my sibling as beneficiary, they would only receive a check-correct?

A Yes.



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