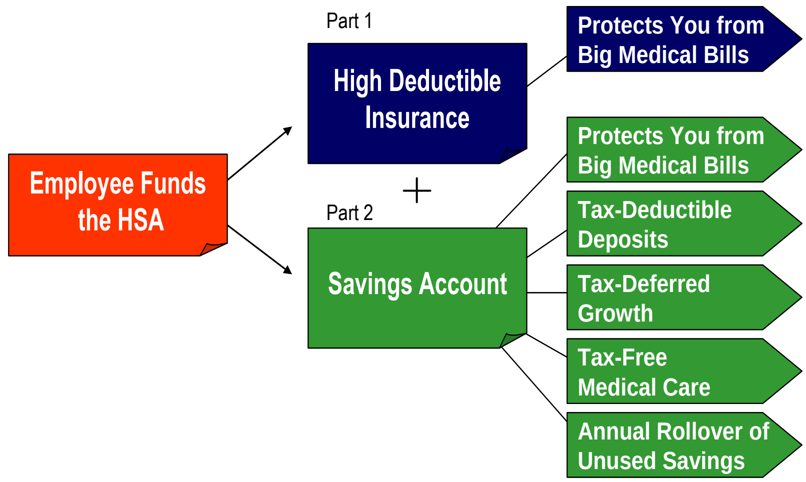
<u>HDHP with HSA Illustration</u>

A SIMPLE OVERVIEW OF HOW AN HSA WORKS

With a Health Savings Account (HSA), money spent for health insurance may be divided into two parts:

Part One: Purchase a **High Deductible Health Plan (HDHP)**. Once you have satisfied your deductible*, the HDHP plan covers eligible medical expenses (*exception: 100% paid for preventive services).



Part Two: Fund a **Health Savings Account (HSA)** with **tax deductible dollars**. Optionally, funds may be used to pay for out-of-pocket medical expenses and other qualified expenses, or HSA monies may be saved. If you do withdraw money from your HSA for qualified expenses (see IRS Publication 502), the money comes out of your account **TAX-FREE**.

HSA funds earn interest and roll over from year to year, with the account **growth NON-TAXABLE**. HSA funds always belong to the accountholder, and, no matter if you change insurance carriers, the money in the **HSA is *always* yours**!

Advantages of HSAs for You and Your Family

- Contribution tax-savings (all contributions are 100% tax deductible up to annual federal limits).
- Long-term growth (tax-free savings and growth within HSA for future needs and retirement).
- Tax-free withdrawals to pay medical expensed covered under the high deductible insurance policy, as well as tax-free withdrawals for many eligible expenses not covered by insurance (such as dental, vision, alternative medical treatment, over-the-counter medicines, aspirin, bandages, etc.).
- Tax-free withdrawals to pay for long-term-care insurance (to IRS limits), COBRA premiums, or health insurance premiums if unemployed.
- Discounts on services from network providers (example: $100 “billed”, but $78 “allowed” charge).
- More control over your own healthcare decisions and incentives for a healthy lifestyle.
- Pay yourself rather than pay more premiums to the insurance carrier!