

What is a Health Savings Account (HSA)?

An HSA is a savings account that works in conjunction with a High Deductible Health Plan (HDHP). You can use it to pay for qualified medical expenses* for yourself and your dependents.

1. The funds in your HSA account are not considered part of your wages, so they're not subject to federal income taxes.
2. HSA funds used to pay for qualified medical expenses* are not subject to taxes.
3. Any investment earnings in an HSA are tax-free as long as they're used for qualified medical expenses.
4. In 2010, the maximum annual contribution amounts are \$3,050 for eligible individuals and \$6,150 for families. For individuals age 55 or over, a catch-up contribution of \$1,000 per year is available.
5. You and/or your employer can elect to contribute any dollar amount, from zero up to the maximum annual contribution amount, each year.
6. Voluntary contributions can be made using pretax payroll deductions or you can make tax-deductible contributions directly to your account.
7. Any unused funds can be rolled over to the next plan year, to help you save for future qualified medical expenses*.
8. The account is portable; your funds go with you even if you change employers.

You can use the funds in your HSA to pay for any qualified medical expenses,* even those not covered by your health plan. (Expenses for services not covered by your health plan do not contribute to your health plan deductible or out-of-pocket maximum.)

Most out-of-pocket medical expenses qualify, including:

- ▶ Deductibles, copayments, and coinsurance
- ▶ Physicals and well-child exams
- ▶ Preventive screenings
- ▶ Hospital visits
- ▶ Non-cosmetic dental and orthodontic services
- ▶ Glasses and LASIK eye surgery
- ▶ Prescription medications

2010 County Contribution:

Half of the deductible amount, \$625 for individual / \$1,250 for family, will be deposited into your HSA account on 1/1/2010, the remaining balance will be deposited semi-monthly beginning 7/14/2010.

*See IRS Publication 502 for a complete list of Section 213(d) qualified medical expenses. Visit www.irs.gov/publications to view or download a copy.