

## DOES MY HSA REQUIRE REPORTING?

HSA's require the following government reporting:

- HSA holders must report all contributions and distributions on their individual income tax returns.
- An employer contribution is reported on a business tax return, as well as on the W-2 for any employee receiving an employer contribution.
- All contributions and distributions from an HSA account are also reported by the custodian or trustee where the HSA is held.

## WHAT ARE THE HSA OWNER RESPONSIBILITIES?

If you are eligible, you can establish an HSA in much the same way you would establish an IRA - with a qualified trustee or custodian. Each year, you are responsible for determining your allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with nontaxable HSA distributions.

If you meet the eligibility requirement for an HSA, you, your employer, your family members, and any other person (including non-individuals) may contribute to your HSA. This is true whether you are self-employed or unemployed.

## WHAT HAPPENS TO MY HSA IN THE EVENT OF MY DEATH?

### SPOUSE BENEFICIARY

If your spouse is the beneficiary of your HSA, the HSA becomes his/her HSA.

### NON-SPOUSE BENEFICIARY

If your beneficiary is not your spouse, the HSA ceases to be an HSA as of the date of your death. If your beneficiary is your estate, the fair market value of the HSA as of the date of your death is included as income on your final income tax return. For other beneficiaries, the fair market value of your HSA is included as income for the recipient in the tax year of your death.

## OUR LOCATIONS

### Northeast Office

3110 Capital Circle N.E.  
Tallahassee, FL 32308  
Phone (850) 386-2225  
Fax (850) 385-8014

### West Tennessee Office

2780 W. Tennessee Street  
Tallahassee, FL 32304  
Phone (850) 386-2225  
Fax (850) 576-2007

### Bradfordville Office

6529 Thomasville Road  
Tallahassee, FL 32312  
Phone (850) 386-2225  
Fax (850) 394-0531

### Apalachee Parkway Office

3615 Apalachee Parkway  
Tallahassee, FL 32311  
Phone (850) 386-2225  
Fax (850) 942-0299

### Quincy, FL Office

702 Pat Thomas Parkway  
Quincy, FL 32351  
Phone (850) 627-8330  
Fax (850) 875-4113

### Betton Office

1953 Thomasville Road  
Tallahassee, FL 32303  
Phone (850) 386-2225  
Fax (850) 383-8416

### Lending Center

1639 Village Square Blvd. • Tallahassee, FL 32309  
Phone (850) 386-2225 • Fax (850) 385-4753

*This brochure provides general Health Savings Account (HSA) rules and contribution limitations current as of January 1, 2010. It does not reflect any legislative or regulatory changes since then. This brochure is intended to provide general information concerning only the federal tax law governing HSAs. It is not intended to provide legal advice or to be a detailed explanation of the rules or how such rules may apply to your individual circumstances or under your state tax laws.*

*For specific information, you are encouraged to consult your tax or legal professional, IRS Publication 969, Health Savings Accounts and other tax favored health plans, the instructions to IRS Form 8889, and the IRS's website, [www.irs.gov](http://www.irs.gov), may also provide helpful information.*

 **PREMIER BANK**  
[www.premier-bank.com](http://www.premier-bank.com) (850) 386-2225

# HEALTH

## Savings Accounts



*A Tax Advantage  
to Offset  
Health Care Expenses.*

Competitive Rates and Convenience



**PREMIER  
BANK**



## PREMIER BANK HEALTH SAVINGS ACCOUNTS

Health Savings Accounts, or HSAs, were created to combat rising medical costs. An HSA is an IRA-like account designed exclusively for covering medical expenses incurred by the HSA account beneficiary (the person who established the account) and his or her dependents.

### WHAT ARE THE REQUIREMENTS FOR OPENING AN ACCOUNT WITH PREMIER BANK?

- \$50.00 to open; earn interest on any balance
- \$2.91 Monthly Maintenance Fee
  - Free VISA® debit card
  - Free online banking
  - Checks available

*Please note: Your HSA account is an account separate from your employer. It is your responsibility, not the employer's, to close the account if you are no longer employed or no longer want the account.*

### HOW DO I CLAIM THE FEDERAL TAX DEDUCTION FOR MY HSA CONTRIBUTION?

Contributions to an HSA are fully deductible, the earnings grow tax deferred, and distributions to pay or reimburse qualified medical expenses are tax free. You may deduct contributions made by anyone other than your employer as long as they do not exceed the maximum annual contribution amount. Employer contributions are not wages for federal income tax purposes.

### WHEN IS THE CONTRIBUTION DEADLINE FOR FUNDING MY HSA?

The deadline for regular and catch-up HSA contributions is your federal income tax refund due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15th.

### HOW ARE HSA DISTRIBUTIONS TAXED?

The qualified medical expenses must be incurred after the HSA has been established. HSA distributions used exclusively to pay for, or reimburse, qualified medical

expenses incurred by you, your spouse, or your dependents are not included in your gross income.

Any other distributions are included in income unless rolled over. Distribution not used to pay for, or reimburse, qualified medical expenses or not rolled over are subject to an additional 10% tax unless made after your death, your disability, or your attainment of age 65.

HSA custodians/trustees are not required to determine whether HSA distributions are used for qualified medical expenses.

### QUALIFIED MEDICAL EXPENSES

For HSA assets to retain their tax-free status, they may only be withdrawn and used for the following expenses:

- Medical expense (doctor visits, prescriptions, transportation to get to medical care, dental care)
- Long-term care insurance
- Health care coverage when unemployed
- Certain continuation-of-benefit health care coverage
- Certain health insurance after age 65

Non-qualified uses of HSA assets are subject to taxation and a 10% penalty unless the HSA account beneficiary is 65 or older, dies, or is disabled.

### ELIGIBILITY

You are eligible for a regular HSA contribution if, with respect to any month, you:

- Are covered under a High-Deductible Health Plan (HDHP) on the first day of such month;
- Are not also covered by any other health plan that is not an HDHP (with certain exception for plans providing preventive care and limited type of permitted insurance and permitted coverage);
- Are not enrolled in Medicare; and
- Cannot be claimed as a dependent on another individual's tax return.

A HDHP is an insurance policy that meets certain dollar limits as shown in the table below.

| 2010 HDHP LIMITS                                             |                 |                 |
|--------------------------------------------------------------|-----------------|-----------------|
| ANNUAL DEDUCTIBLE                                            | SELF ONLY       | FAMILY          |
|                                                              | \$1,200 or more | \$2,400 or more |
| ANNUAL DEDUCTIBLE plus out of pocket expenses cannot exceed: | 5,950           | 11,900          |

## CAN SELF-EMPLOYED INDIVIDUALS HAVE AN HSA?

Sole proprietors and others who are self-employed can have an HSA and are, in fact, often ideal candidates for an HSA. In such situations, the business owner is both employer and employee. HSAs are often advantageous for the self-employed because high deductible health insurance plans generally have modest premium costs, and may be an effective cost-containment mechanism for the employer. The employer is protected against potentially catastrophic health care expenses, and the HSA may serve the dual purpose of providing for both medical and retirement expenses.

### HSA CONTRIBUTION RULES

Your eligibility to contribute to an HSA for each month is generally determined by whether you have HDHP coverage on the first day of the month. Your maximum contribution for the year is the greater of: (1) the full contribution, or (2) the pro-rated amount. The full contribution is the maximum annual contribution for the type of coverage you have on December 1st. The pro-rated amount is 1/12 of the maximum annual contribution for the type of HDHP coverage you have times the number of months you have that type of HDHP coverage. If your contribution is greater than the pro-rated amount, and you fail to remain covered by an HDHP for the entire following year, the extra contribution above the pro-rated amount is included in income and subject to an additional 10% tax.

### CONTRIBUTION LIMITS

| ANNUAL CONTRIBUTION LIMIT | STANDARD LIMIT |         | ADDITIONAL CATCH-UP contribution amount |
|---------------------------|----------------|---------|-----------------------------------------|
|                           | SELF ONLY      | FAMILY  |                                         |
| 2009                      | \$3,000        | \$5,950 | \$1,000                                 |
| 2010                      | \$3,050        | \$6,150 | \$1,000                                 |

*\*HDHP and contribution limitations are revised each year to reflect cost-of-living increases*