Any other distributions are included in income unless rolled over. Distributions not used to pay for or reimburse qualified medical expenses or not rolled over are subject to an additional 20 percent tax unless made after your death, your disability, or your attainment of age 65.

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

Is a Distribution for Non-Prescription Drugs a Qualified Medical Expense?

A drug or medicine (other than insulin) must be prescribed to be considered a qualified medical expense for HSA purposes. The prescription requirement does not apply to the payment or reimbursement of drug or medicine expenses incurred before January 1, 2011.

Can I Return a Mistaken Distribution?

If you mistakenly distribute assets from your HSA, you may be able to return the assets to the same HSA. However, the law does not require an HSA custodian/trustee to accept the return of a mistaken distribution. If your HSA custodian/trustee permits the return of a mistaken distribution, you will need to be prepared to provide the Internal Revenue Service (IRS) with clear and convincing evidence that the HSA distribution was the result of a mistake of fact due to reasonable cause. A mistaken distribution can be returned no later than April 15 following the first year you knew or should have known the distribution was a mistake.

How is HSA Activity Reported?

Each year, your HSA custodian/trustee reports to the IRS on IRS Form 5498-SA the contributions made to your HSA and on IRS Form 1099-SA any HSA distributions you take. In addition, you file IRS Form 8889, *Health Savings Accounts (HSAs)*, as part of your federal income tax return to show your HSA contribution and distribution activity.

How are Distributions Made by Check or Electronic Fund Transfer Treated for Reporting Purposes?

An HSA custodian/trustee will generally treat a distribution made by check, electronic bill pay, or debit card as a normal distribution. Consult your HSA custodian/trustee to find out its specific policy regarding distributions made by check or electronic fund transfer.

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.

Nonspouse 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.

This brochure is intended to provide general information concerning the federal tax laws 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 web site, www.irs.gov, may also provide helpful information.*

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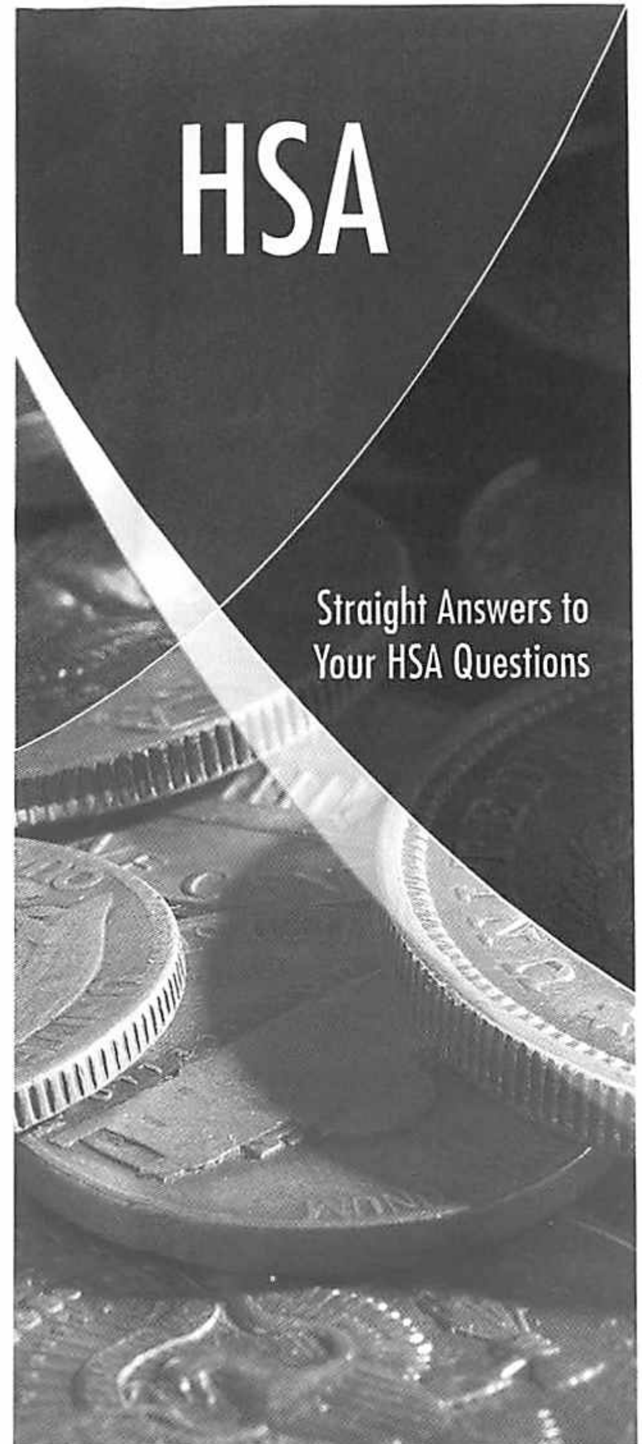

HEALTH SAVINGS ACCOUNT

What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt trust or custodial account established exclusively for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and your dependents.

Am I Eligible for an HSA?

You are eligible to make 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 exceptions for plans providing preventive care and limited types of permitted insurance and permitted coverage);
- Are not enrolled in Medicare; and
- Cannot be claimed as a dependent on another individual's tax return.

What is an HDHP?

An HDHP is a high-deductible health plan with an annual deductible no less than the amounts shown in the chart that follows.

HDHP Annual Deductible		
Tax Year	Self-Only Coverage	Family Coverage
2012	$1,200	$2,400
2013	$1,250	$2,500
2014 and later	$1,250*	$2,500*

* Subject to annual cost-of-living adjustments.

Tax Savings, Tax-Deferred Earnings, and Retirement Security

Are There Other Requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses to no more than the amounts shown in the chart that follows.

Maximum Out-of-Pocket Expenses		
Tax Year	Self-Only Coverage	Family Coverage
2012	$6,050	$12,100
2013	$6,250	$12,500
2014 and later	$6,250*	$12,500*

* Subject to annual cost-of-living adjustments.

What are an HSA Owner's 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.

Who Can Contribute to My HSA?

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

How Much Can I Contribute to My HSA?

The maximum annual contribution amount is the standard limit as shown in the chart that follows.

Additionally, "catch-up" contributions are available for eligible individuals who are age 55 or older by the end of their taxable year and for any months individuals are not enrolled in Medicare.

Contribution Limits			
Tax Year	Standard Limit		Catch-Up Contribution Limit
	Self-Only	Family	
2012	$3,100	$6,250	$1,000
2013	$3,250	$6,450	$1,000
2014 and later	$3,250*	$6,450*	$1,000

* Subject to annual cost-of-living adjustments.

May I Claim a Federal Tax Deduction for My HSA Contribution?

Contributions to an HSA are tax 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.

Rollovers and transfers from HSAs, IRAs, and Archer medical savings accounts are not tax deductible.

When is the Contribution Deadline for Funding an HSA?

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

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 gross income.