



# HEALTH SAVINGS ACCOUNT

If you want to manage your own healthcare expenses and take advantage of the tax credits offered, then an HSA is a great choice. There are a few regulations governing these accounts, but the good news is it's your money and you can spend it almost any way you choose. MidSouth Bank is happy to assist you in setting up a new HSA account. Here are few commonly asked questions to help you get started.

## 1. What is a health savings account (HSA)?

An HSA is a personal health savings account that works in conjunction with a High Deductible Health Plan (HDHP). Contributions to the account are made "before taxes," and the funds can be used to pay medical expenses.

## 2. What is an HDHP health plan?

HDHP stands for High Deductible Health Plan, which generally cost less than a traditional health insurance plan. HSAs allow you to pay for current health expenses and to save for future expenses by making pre-tax contributions to your account.

## 3. Who qualifies for an HSA?

Any individual is eligible, who:

- is covered under a High Deductible Health Plan (HDHP)
- has no other health care coverage
- is not enrolled in Medicare
- cannot be claimed as a dependent on someone else's tax return

## 4. How much does an HSA cost?

An HSA is not something you purchase. It is a savings account that you control. You can contribute tax-deferred dollars up to the maximum amount allowed, and you can earn interest on the account. There is a \$5 monthly maintenance fee. However, all fees are waived if you have any of the following:

- Direct Deposit
- Combined deposit balance of \$2,500
- HSA minimum account balance of \$500

## 5. What are the minimum and maximum contributions allowed?

Annual maximum amounts are set by the federal government. In 2011, the maximum contributions allowed are \$3,050 (single) and \$6,150 (family).

## **6. How can I sign up?**

MidSouth bank offers HSA accounts for qualified consumers. Contact your local bank office, or call 615-278-7100 for more information on opening an account.

## **7. Do HSA contributions have to be made in equal amounts each month or a lump sum?**

No. You can make contributions in a lump sum or in any amount whenever you wish. MidSouth bank requires a minimum deposit of \$100 to open a new account.

## **8. Can my employer contribute to my HSA?**

Yes, contributions can be made by you, your employer or both.

## **9. What are catch-up contributions for individuals age 55 or older?**

For individuals between the ages of 55 and 65, the HSA contribution limit is increased by \$1,000 in calendar year 2009 and after.

## **10. Does an HSA pay for the same things that regular insurance covers?**

Yes. HSA funds can be used to pay for any qualified medical expense. In addition, an HSA can also be used to pay for over the counter medications that most traditional insurance policies don't cover. For a partial list of qualified medical expenses, see IRS Pub 502 at [www.irs.gov](http://www.irs.gov).

## **11. What happens if I don't use the HSA money to pay for a medical expense?**

The money is yours to spend any way you wish. However, if not used for a qualified medical expense, the funds are taxed and subject to a 20% penalty.

## **12. Are dental and vision care considered qualified medical expenses?**

Yes, as long as they are deductible under the current rules. However certain procedures such as cosmetic dentistry would not be deductible.

## **13. Can I use the money to pay my health insurance premiums?**

The money may be used to pay health insurance premiums if you are collecting state unemployment benefits, or if you have COBRA continuation coverage. Otherwise, the money may not be used to pay health insurance premiums.

## **14. Can I use the money to pay for healthcare for family members?**

The money may be used to pay qualified medical expenses for yourself, spouse or dependents. This is one of the great benefits of an HSA account.

**15. Who qualifies as a dependent?**

A person generally qualifies as your dependent for HSA purposes if you claim them as an exemption on your federal tax return. Please see IRS Publication 502 for exceptions. [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf).

**16. Is tax reporting required for an HSA?**

Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account.

**17. What happens to the funds, if I lose my HDHP or change jobs?**

You own the account and you can continue to use the money tax-free as long as you are paying for qualified medical care under the current rules.

**18. How do I use the funds in my HSA to pay for medical expenses?**

At MidSouth Bank, you can use a check or debit card tied to your account to pay for expenses. There is no charge for the debit card. Personalized checks are optional at the customer's expense.

**19. How will HSA statements be delivered and how frequently?**

HSA statements itemizing deposits and withdrawals will be mailed monthly, or you may choose to receive electronic statements.

If you are participating in a High Deductible Health Plan (HDHP), HSAs are a great way to save money and pay for medical expenses.

To find out more about HSAs or to open an account, visit any MidSouth Bank location or call 615-278-7100.

[www.midsouthbanking.com/HSA](http://www.midsouthbanking.com/HSA)



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