

Invest in your health

A health savings account (HSA) is an investment option that can help you pay for future medical expenses. An HSA is not part of your actual medical benefits plan. It's actually a cash account with big tax advantages.

To have an HSA, you must first enroll in a qualified high deductible health plan through UMR. You also cannot be covered by any other plan that is not considered a high deductible plan, such as a spouse's plan.

As long as you use the money you put in your HSA for only qualified medical expenses, you won't have to pay FICA or federal income taxes. The only possible exception is you may have to pay state taxes in some parts of the country.



Like an FSA or IRA, only better

Like an FSA

Any qualified medical expense
Tax advantaged

But better

No claims to submit
No "use it or lose it" rule
Can use for nonmedical expense (but this will result in tax consequences)

Like an IRA

Tax advantaged savings
Variety of investments available
Tax advantaged investment earnings
Taxed if withdrawn for non-medical expenses

But better

No FICA or federal income tax if used for qualified medical expenses



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In some ways, an HSA is like a flexible spending account (FSA) or individual retirement account (IRA). But in other ways, it is better.

Unlike an FSA, there are no claim forms to submit. You also will not lose any money

in the account if you do not spend it by the end of the year.

It's better than an IRA because you will never have to pay FICA or federal income taxes if the funds are spent only on qualified medical expenses.

Why choose an HSA?

There are many reasons why you should take advantage of an HSA:



It's always your money with any money left in the account at the end of the year carrying over to the next year



You decide how to spend it and on what



You can keep your HSA even if you change jobs or medical coverage



The cash is always available for an emergency. You can spend the money in your HSA on any expenses if you are willing to pay tax plus a 20 percent penalty. The 20 percent penalty does not apply if you are 65 or older



It's an investment in which earnings are not taxed



You can use your funds for long-term care, Medicare premiums and supplemental retirement income





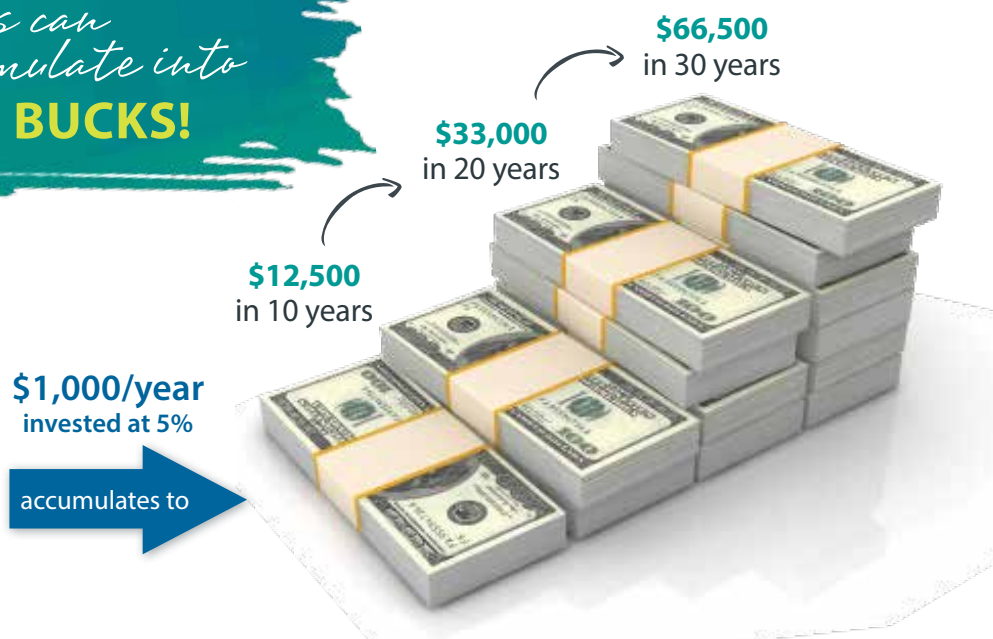
Putting money in your HSA

There are single and family maximums that you can deposit in your HSA each year. If you are between 55 and 64, you can deposit additional "catch-up" amounts. All of the amounts you can contribute are subject to yearly HSA contribution rules.

You also have the option of investing these funds, which can build up into big bucks!

For current rates or more information on investment options, please check with your bank or other financial institution.

*HSAs can
accumulate into*
BIG BUCKS!



What your HSA covers

You can use your HSA to pay for qualified medical expenses defined by the Internal Revenue Service (IRS). Generally, those expenses are any amounts spent on medical care for you, your spouse or dependents, including:

- Doctor visits
- Prescribed medicines or over-the-counter supplies

- Eyeglasses and vision care
- Dental care and other services

It does not include amounts spent on things like cosmetic surgery or general items like toothpaste.

Easy to use

You can use your HSA debit card to pay your doctor or pharmacy. Remember, most health care expenses are eligible under your qualified high deductible health plan.

Do not pay any medical expenses from your HSA until after UMR has processed the claim and applied any discounts.

Here are a couple of examples:

- At the pharmacy, present your medical card to the pharmacist. Your pharmacy benefits

manager will discount the drug and may pay a portion of the claim. Your pharmacist will then ask you to pay the remaining balance. You can use your HSA debit card or pay for the amount out-of-pocket.

- With other medical bills, have your medical provider send the bill to UMR. You will receive an explanation of benefits (EOB) once UMR has processed the claim. The EOB will show how much you will need to pay the provider. You can use your HSA debit card or pay for the amount out-of-pocket.



Keep your receipts

The IRS requires proof that you used your HSA money to pay for qualified medical expenses. Make sure to save your receipts.

Using your debit card makes accessing your HSA dollars easy.



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