HEALTH SAVINGS ACCOUNT



What is a Health Savings Account (HSA)?

An HSA works with a high deductible heath plan (HDHP), and allows you to use before-tax dollars to pay and reimburse yourself for eligible out-of-pocket medical expenses for you, your spouse and your dependents, which in turn saves you money on taxes and increases your spendable income.

How it Works

You and your employer can deposit money into your HSA account, up to an annual per-person or family limit set by the IRS. When you open an account, you will have access to a secure, easy-to-use online banking portal where you can track your account balance, view transaction history and pay bills.

In addition, you can elect to receive a First American Bank Health Account Services prepaid debit card to make it easy to access the money in your HSA. You can use it to pay for eligible medical expenses and services not covered by your health insurance. When you use the debit card, funds are automatically withdrawn from your account. Just swipe the card and go. It's that easy!

Benefits to You:

- An HSA is yours. Funds in your HSA account stay with you, even if you change jobs.
- Contribute tax-free. An HSA reduces your taxable income. The money is tax-free both when you put it in and when you take it out to cover qualified medical expenses.
- Grow funds tax-free. An HSA grows with you. With our HSA account, when your balance reaches the minimum balance requirement, your funds can be invested into a group of mutual funds handpicked specific for HSA investors yielding tax-free earnings.*
- Spend tax-free. Withdrawals used for eligible expenses are tax-free.
- Funds can be withdrawn anytime for qualified medical expenses.
- After age 65 the funds can be used for any purpose without penalty, but will be subject to ordinary income tax.

+HSA

Now, more than ever, healthcare dollars need to go further. With a Health Savings Account (HSA), you'll pay less in taxes and keep more of the money you've earned. *That's real savings, real simple.*

You can use your HSA dollars to pay for:

- Routine health care: office visits, X-rays, lab work
- Hospital expenses: room and board, surgery
- Medications: prescription and over-the- counter (OTC) drugs when prescribed by a physician
- Dental care: cleanings, fillings, crowns
- Vision care: eye exams, glasses, contacts
- Copays and coinsurance (the portions of health care bills paid by you)
- Eligible over-the-counter (OTC) items** such as:
    - First Aid Dressings and Supplies – bandages, rubbing alcohol
    - Contact Lens Solutions/Supplies
    - Diagnostic Products like thermometers, blood pressure monitors, cholesterol testing
    - Insulin and Diabetic Testing Supplies

Learn more during open enrollment!

The amount you save in taxes with a Health Savings Account will vary depending on the amount you set aside in the account, your annual earnings, whether or not you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket and your state and local tax regulations. Check with your tax advisor for information on how your participation will affect your tax savings.

*Prior to the end of each calendar quarter, we deduct a custodial management fee from your Investment Account in an amount of (.075%) per quarter or equal to an annual fee of (0.30%) on balances invested in mutual funds in your Investment Account. Investors should carefully read the Fund prospectus, which includes information on the Fund's investment objectives, risk, as well as charges and expenses along with other information before investing or sending money. Funds in the investment portion of your HSA account are Not FDIC insured, May Lose Value and are Not Bank Guaranteed.

Neither First American Bank nor its subsidiaries (collectively "First American Bank") are registered investment advisors nor is First American Bank acting in the capacity of a registered investment advisor with respect to the offering of HSA investment options. Participation in the investment options is voluntary. Under no circumstances is First American Bank offering any of the HSA investment options and First American Bank makes no representations with respect to the investment options offered.

First American Bank disclaims any and all liability, contingent or otherwise, for the performance of the investment options. Please see your financial advisor for personal investment advice.

**The list of eligible OTC items changed per the Patient Protection and Affordable Care Act of 2010. Contact your Plan Administrator for more information or visit www.irs.gov for details.

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