

## Opening Your HSA

Opening your HSA with Sterling HSA is easy and only requires a completed application, with original signature, and funds to open the account.

There are two monthly maintenance plans to choose from: The Standard Plan and the Value Plan. The Standard Plan is all inclusive and no other charges apply. The Value Plan is not bundled and transaction charges do apply. You can find the entire plan descriptions on our website at: [www.sterlinghsa.com](http://www.sterlinghsa.com).

## Why Sterling HSA?

Clients come to Sterling HSA not only for our expertise on HSAs, but also because of our deep experience and knowledge about health insurance. They stay because we provide a simple, reliable and personal approach for paying for health care, while saving for the future. We are committed to Sterling service. Just to prove it we offer a money back guarantee.

## Sterling HSA Services & Commitment

At Sterling HSA we offer a full array of services, including:

*Education* — about HSAs and assistance with account set up for employers, brokers and accountholders.

*Payment of Health Care Bills* — after a careful review of your bills, we will pay the provider of care directly on your behalf, or reimburse you if you have already paid.

*Self-Directed Investments* — as well as payment of interest on funds in your Sterling managed account, self-directed investing is allowed.

*Debit Cards* — provided for convenience and ease of payment.

*Quarterly Account Statements & Tax Reporting* — all provided for accountholders, brokers and employers.

*Employer Specific Reports* — including reports on contributions and aggregate balance.

*On-line Account Management and "eChecking"* — fully automated on-line ability to make deposits to the HSA account, distributions from the HSA account, as well as 24x7x365 access to account information, all in a secure password protected environment. All forms required for account maintenance are available on the forms page of our website for our employers, brokers and accountholders. See [www.sterlinghsa.com](http://www.sterlinghsa.com).

*Money Back Guarantee* — If for any reason our accountholders are displeased with our services, we will refund up to one year's paid monthly maintenance fees.

## Need More Information About HSAs and Sterling HSA?

Sterling HSA provides personalized customer service via phone, email, fax or mail. Please visit our website at: [www.sterlinghsa.com](http://www.sterlinghsa.com), or call customer service at 800-617-4729, Monday through Friday from 8:00 AM-6:00 PM PST. Or, if you prefer, please email us at: [customer.service@sterlinghsa.com](mailto:customer.service@sterlinghsa.com).



**STERLING HSA®**

# Saving for Your Health and Wealth



## Health Savings Accounts: The right choice for your health and wealth

A Health Savings Account (HSA) is like a medical IRA. Money can be deposited into these accounts and used for medical expenses today or saved for the future. There are many advantages to putting money into these accounts, including favorable tax treatment. HSAs were signed into law in December of 2003.

### Who Can Open an HSA?

Any adult can contribute to an HSA if they:

- Have an HSA compatible high deductible health insurance plan
- Have no other comprehensive health insurance coverage
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

Contributions can be made by the employee, employer or both. The total

contributions are limited annually. The IRS sets these maximum contributions by June 1<sup>st</sup> of each year and they are indexed to inflation.

Individuals age 55 and older, who are not on Medicare, can also make additional “catch-up” contributions. The IRS determines the catch up contribution every year.

Contributions can be made as late as April 15<sup>th</sup> of the following year, and applied to the prior years' maximum contribution amount.

Additionally, there is a provision for FSA and HRA rollovers. Strict IRS regulations apply to the rollovers as do limitations. These rollovers are allowed until 2011. They are once in a lifetime and on top of the annual maximum contribution allowed.

IRA rollovers are also allowed once in a lifetime. The IRA rollover is a “trustee to trustee” transfer and is limited to the annual maximum contribution amount that is allowed.

### Using Your HSA

You can use the money in the HSA account for any “qualified medical expense” permitted under Federal law. This includes medical, dental and vision care.

Once an individual elects Medicare, contributions must stop. However, the money in the account can be used to pay for medical, dental and vision expenses, tax-free. Some state taxes may apply. The money may also be used to pay for three types of premium: Medicare (Parts B, C and D), Long Term Care and COBRA.

You can use the money in your HSA account to pay for expenses for yourself and your dependents, even

if they are not covered under your health insurance plan.

Any money used to pay for any expenses that are not “qualified medical expenses” are taxable income and subject to a 10% tax penalty. After you turn age 65, the 10% tax penalty no longer applies. If you become disabled, or enroll in Medicare, the account can be used for other purposes without paying the 10% penalty, as well.

### Advantages of HSAs

*Security* — Your high deductible health plan and HSA protect you against high or unexpected medical bills.

*Control* — You make all the decisions on how to use the money in your HSA, how much money to put into the HSA, how to invest the money, and which expenses to pay from your HSA.

*Affordability* — Your health insurance premiums should be lower by switching to a high deductible health plan.

*Flexibility* — You can use the funds in your HSA for those things that are important to you. You can pay for medical, dental and vision expense including such things as acupuncture, chiropractic, lasik surgery, etc.

*Savings* — You can save the money in your account for expenses today or grow your balance through investment earnings, all tax advantaged on a Federal level.

*Portability* — Accounts are completely portable, meaning you take the HSA with you if you leave your employer, change medical



coverage, become unemployed, move to another state, or change your marital status.

*Ownership* — Funds in your HSA remain in the account from year to year, just like an IRA. No “use it or lose it” rules apply.

*Tax Savings* — An HSA provides you with triple tax savings; tax deductions when you contribute, tax free earnings on investments, and tax free withdrawals for qualified medical expenses. (Some state taxes may apply.)

### What Happens to My HSA When I Die?

If your spouse is the beneficiary, your spouse can use it as if it were his or her own HSA. If the beneficiary is a non-spouse, the account will no longer be treated as an HSA upon your death. The account will pass to the beneficiary or your estate and be subject to applicable taxes.

