

An innovative health care solution

Health Savings Accounts (HSAs) were developed to help address the issue of rising health care costs. With money-saving features and special tax benefits,* these accounts are becoming increasingly popular.

Branch Locations

32 Chicago Avenue Groton, CT	589 Hartford Pike Dayville, CT
625 Long Hill Road Groton, CT	335 Main Street Niantic, CT
3 Boston Post Road Waterford, CT	One Connecticut Avenue Norwich, CT
20 Liberty Street Pawcatuck, CT	893 Main Street Willimantic, CT
601 Norwich/New London Turnpike (Rt. 32) Montville, CT	50 Pequot Avenue New London, CT <i>(limited access)</i>

High School Branch Locations

(limited access)

Robert E. Fitch Senior High School

Killingly High School



Health Savings Accounts



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Structure of a HSA

A Health Savings Account has two components. First, you must participate in a high deductible health plan (HDHP). The IRS specifies a minimum annual deductible and a maximum limit for out-of-pocket expenses. Your HDHP must meet these dollar limits.

Once your HDHP is in place, you may open a special savings account with specific contribution limits and withdrawal guidelines.

2012 HDHP Limits

Type of Coverage	Minimum Annual Deductible	Maximum Annual Deductible and other Out-of-Pocket Expenses*
Self-Only	\$1,200	\$6,050
Family	\$2,400	\$12,100

* This limit does not apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limit applies.

Benefits

HSA's can provide significant advantages:

- ◆ By participating in a HDHP, you can enjoy relatively affordable health insurance premiums.
- ◆ You retain control over the account. You can decide how to use the money, and where to invest it.
- ◆ Your HSA is completely portable, meaning you can keep the account even if you change jobs, change your medical coverage or become unemployed.
- ◆ There is no “use it or lose it” provision. The funds roll over from year to year.

Tax Savings

Your HSA is even more beneficial thanks to favorable tax treatment:

- ◆ Your HSA contributions are tax-deductible.
- ◆ HSA contributions made by your employer are excluded from your income.
- ◆ HSA earnings are tax-deferred.
- ◆ If used for qualified medical expenses, HSA assets are tax-free.

Eligibility

You are eligible for a HSA for any month if you:

- ◆ Are covered under an HDHP on the first day of such month.
- ◆ Are not also covered by any other health plan that is not an HDHP (with limited exceptions).
- ◆ Are not enrolled in Medicare, and
- ◆ Are not eligible to be claimed as a dependent on someone else's tax return.

Contribution Limits

The total amount you or your employer may contribute to a HSA depends on whether you have self-only or family coverage under your HDHP.

2012 HSA Contribution Limits

Self-Only Coverage	Family Coverage
\$3,100	\$6,250

If you are 55 by the end of the year, you may qualify for an additional “catch-up” contribution of \$1,000. Medicare coverage or partial year HSA participation may reduce your allowable contributions.

Qualified Medical Expenses

You can make tax-free, penalty-free withdrawals if the funds are used for certain qualified medical expenses. Generally, this includes expenses that qualify for the medical and dental income tax deductions as defined in IRS Publication 502.

Non-qualified distributions of HSAs are subject to taxation and a 20 percent penalty unless the HSA owner is age 65 or older, dies, or is disabled. HSA funds may not be used to purchase over-the-counter drugs.

Charter Oak Health Savings Accounts

Charter Oak offers HSAs with some solid advantages:

- ◆ Competitive rates
- ◆ No annual fees
- ◆ Federal Deposit Insurance

To learn more, please call Member Services at 860-446-8085 or 800-962-3237, stop by any Charter Oak branch, or visit www.CharterOak.org.

Contribution limits, qualification criteria and other terms and conditions relating to these accounts can change at any time. Before you open your account, consult your tax advisor for current IRS laws and regulations associated with these types of accounts and whether they are a suitable investment for your financial situation.