

Questions and Answers

Who may contribute to my HSA?

If you are eligible to open an HSA, you, your employer, your family members, and any other person may contribute to your HSA. If your employer contributes, they receive a federal and state tax deduction.

Can HSA accumulated funds eventually be used to pay for eldercare or a nursing home/retirement facility?

Yes, in fact, even before you reach that point you can pay for long-term care insurance premiums with federal and state tax-free money out of your HSA.

How do I claim the federal and state tax deduction for my HSA contribution?

Contributions to an HSA are fully federal and state tax-deductible, the earnings grow tax-deferred, and distributions to pay or reimburse qualified medical expenses are federal and state tax-free. You may deduct contributions on IRS form 8889, made by anyone other than your employer, as long as they do not exceed the maximum annual contribution amount.

What is the deadline for HSA contributions?

April 15 for previous year, no extensions.

Is there a penalty for withdrawing funds for reasons other than qualified medical expenses?

Yes, if you are younger than 65 years old there is a 20% penalty for withdrawals not used for qualified medical expenses. The penalty is waived for those 65 years of age and older. In both cases, early withdrawal will cause you to lose any federal and state tax deduction.

What are the responsibilities of an HSA account holder?

If you are eligible, you can establish an HSA in much the same way you would establish an IRA – with a qualified trustee or custodian. Each year, your responsibility lies in determining your allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with federal and state tax-free HSA distributions.

Is an HSA portable?

Yes, money in the account remains with the account holder.

Does the money earn interest?

Yes. Please contact Baylake Bank for current rate information.

What products are available?

HSA checking account, HSA CDs, and mutual funds.*

How is the account titled?

HSA accounts can be assigned individual ownership only; there are no joint accounts. However, a spouse can be an agent on the account and receive his/her own check card.

How does the HSA work at retirement?

Funds in the account that are not used for health care expenses will be treated like an IRA at retirement. This allows you to withdraw the funds for any purpose and pay normal income tax. Retirement age for HSA purposes is when you sign up for Medicare, not age 65.

Is there an IRS approved list of medical expenses that I can spend my tax-free HSA funds on?

Yes, there is a list of allowable expenses published by the U.S. Treasury Department (IRS Publication 502).

*The Accessor Funds are not FDIC insured and are not obligations of, or guaranteed by Baylake Bank. Investments in the Accessor Funds, like other mutual funds, involve investment risks including the risk of possible loss of principle invested.

Health Savings Accounts (HSAs)



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Health Savings Accounts (HSAs)

“Helping you build the good life” means that Baylake Bank professionals provide you with the information and tools you need to manage and prepare for the rising cost of health care. That’s why Baylake Bank offers Health Savings Accounts.

A Health Savings Account (HSA) is a federal and state tax-exempt trust or custodial account established exclusively for the purpose of paying or reimbursing qualified medical expenses for you, your spouse, and your dependents. An HSA is an important part of your overall financial plan and Baylake Bank makes it easy to get started.

Benefits of Health Savings Accounts

To Employee:

- Potentially lower out-of-pocket premiums
- Federal and state tax deductible contributions
- Federal and state tax exempt distributions when paying for qualified medical expenses
- Carry over balances from year to year
- Distributions for qualifying medical expenses can be made any time and at any age
- A designation of death beneficiary is allowed
- Catch-up contribution for age 55 and over
- No income limit, unlike IRA accounts
- FDIC insured

To Employer:

- Attracts & retains employees
- Allows employer to offer affordable health coverage
- Allows employer a federal and state deduction on contributions made to employee’s HSA

Who is Eligible to Establish an HSA?

An individual:

- Covered under a high deductible health care plan (HDHP)
- Not covered by any other type of health plan that is not an HDHP
- Not enrolled in and receiving Medicare benefits
- Not eligible to be claimed as a dependent on another person’s tax return

What Qualifies as a High Deductible Health Plan?

IRS Requirements for 2012		
	Single Plan	Family Plan
Minimum Deductible	\$1,200	\$2,400
Maximum Out-of-Pocket	\$6,050	\$12,100

Who May Contribute?

- An eligible individual
- An eligible individual’s employer
- Any person on behalf of the eligible individual

Health Savings Account Contribution Limits

IRS Requirements for 2012		
	Single Plan	Family Plan
Contribution Limit	\$3,100	\$6,250
Catch-Up Contribution (55 or older)*	\$1,000	\$1,000

*If a spouse is also 55 or older, a second HSA may be established and a second contribution of \$1000 could be made to that account.

Baylake Bank is the Right Choice for an HSA:

Once you are enrolled in an HDHP, contact a Personal Banker at Baylake Bank for account application.

Benefits of Baylake Bank’s HSAs

- No enrollment fees to you as an employee
- No minimum balance with direct deposit*
- Free online banking with check images
- Free check card
- Monthly statements – electronic (paper statements available upon request)
- Competitive interest on accounts
- 1099SA provided yearly on amount of distributions
- 5498SA provided yearly on amount of contributions
- Mutual fund options when balance reaches \$2,500**

*Without direct deposit, \$100.00 minimum daily balance is required to avoid a monthly service charge of \$5.

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How Do I Access my Baylake Bank HSA?

Withdrawal:

- Checks available
- Online BillPay available with personal checking account
- 24/7 Online banking
- 24/7 ATM access
- Check/Debit Card – Daily Spending Limit
 - \$1000 when used as credit with signature
 - \$600 when used as debit with PIN
- \$1600 total per day (\$300 when systems are offline)

Deposits:

- In person, bank by mail, night deposits
- Automatic direct deposit /ACH