

# 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 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 tax-free money out of your HSA.

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

Contributions to an HSA are fully federal tax-deductible, the earnings grow tax-deferred, and distributions to pay or reimburse qualified medical expenses are federal tax-free. You may deduct contributions on IRA 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 10% 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 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 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 accounts, 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. In general, you can spend tax-free from your HSA on all medical, dental, vision, chiropractic, and even acupuncture expenses, but not on your insurance premium, unless you are unemployed and are collecting federal unemployment benefits. This list in its entirety is updated frequently and can be viewed at: <http://www.irs.gov/pub/irs-pdf/p502.pdf>

\*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, involves investment risks including the risk of possible loss of principle invested.

PO Box 9 | Sturgeon Bay, WI 54235-0009  
920-743-5551 | 1-800-267-3610  
[www.baylake.com](http://www.baylake.com)

# Health Savings Accounts (HSAs)



**BAYLAKE  
BANK**  
Helping Build  
The Good Life™

# 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 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 tax deductible contributions
- Federal 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 55 and over group
- No income limit, unlike IRA accounts
- Insured up to \$250,000 through December 31, 2009

### To Employer:

- Attracts & retains employees
- Allows employer to offer affordable health coverage
- Allows employer a federal 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 a 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 2009		
	Single Plan	Family Plan
Minimum Deductible	\$1,150	\$2,300
Maximum Out-of-Pocket	\$5,800	\$11,600

### 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 2009		
	Single Plan	Family Plan
Contribution Limit	\$3,000	\$5,950
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 a HDHP, contact a Personal Banker at Baylake Bank for account application.

## Benefits of Baylake Bank’s HSAs

- No fees to you as an employee
- No minimum balance
- Free online banking with check images
- Free check card
- Monthly statements – paper or electronic
- 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\*

\*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, involves investment risks including the risk of possible loss of principle invested.

## 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