

# Take Control of Your Health-Care Expenses

## Consider a Health Savings Account!

### Who Should Have an HSA?

- **Individuals or families expecting minimal use of their health insurance benefits.** You can pay a lower premium and put the difference in your HSA. It's use it or keep it!
- **People who want to build a savings account** for future use can establish a tax-free method with an HSA.
- **Individuals looking at retirement.** This account can be used for eligible medical expenses even after enrolling in Medicare. In fact, Medicare deductibles and Part B premiums can be paid tax free from the account.
- **Taxpayers looking to reduce their federal and state income taxes.**
- **Those wishing to supplement their retirement income.** Account holders can withdraw for any nonmedical expense just like a pension or IRA plan. (The HSA early-withdrawal penalties are waived after age 65.)

### Tax Advantages

- Contributions you make direct to your account are tax deductible.
- Your contributions through payroll withholding are pre-tax.
- Withdrawals for eligible medical expenses are tax-free. This includes medical, dental and vision expenses.
- Withdrawals for any other nonmedical reasons are allowed but are taxable and subject to a 10% penalty. (Penalty does not apply after age 65.)

### Plan Details

- You **cannot** be covered by: any non-HSA health-care plan, including Tricare or Medicare.
- You cannot participate in the 2006 Flexible Spending Account (Childcare FSA is allowed).
- No minimum contribution.
- To withdraw from your Vanguard® account, submit reimbursement request form — no need to send receipts.
- If you chose the Resource Bank Debit Card, use it like any debit card or VISA.

### Maximum Annual HSA Contribution for 2006

- Single Account: 100% of your insurance deductible up to \$2,700.
- Family Account: 100% of your insurance deductible up to \$5,450.
- Catch-up provision if you are age 55 by 12/31/06: \$700 for account holder only.
- Maximum includes employer contribution.
- Note: Maximum contribution must be prorated based on the number of full months during 2006 that your insurance is in force. Divide the maximum, including any catch-up, by 12; then multiply by the number of full months your insurance will be in force during 2006.

### Investment Options

#### Vanguard® no-load mutual funds available through Health Savings Administrators:

- A vast selection of Vanguard® no-load mutual funds to choose from
- Low expense ratios
- No transaction or redemption fees
- Not FDIC insured

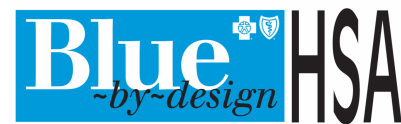
OR

#### Debit card from Resource Bank in Virginia Beach:

- Pays 1% APR on balances above \$1,000
- FDIC insured (Maximum \$100,000)
- Eliminates need for checks

### How Do You Get Started?

- Select your HSA high-deductible insurance coverage.
- Complete the HSA enrollment form.
- Select your investment option — Vanguard® fund or Resource Bank debit card.
- Calculate your desired payroll deduction and complete the payroll request form.



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Notice: Establishing a personal health account has important tax and legal consequences for both employers and employees Health Advantage, an independent licensee of the Blue Cross and Blue Shield Association, does not provide legal or tax advice. Nor does Health Advantage recommend particular financial institutions as trustees or custodians of health savings accounts. You should consult with your tax and/or legal advisor if you have any questions concerning any tax or legal issues concerning an HRA or an HSA.

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