

# Health Savings Account

## What is a Health Savings Account (HSA)?

Health Savings Accounts (HSAs) are tax-exempt bank accounts that are paired with High Deductible Health Plans (HDHPs). This allows you to save money on health care and have more control over how health care dollars are spent. You must have a qualified HDHP to have an HSA. See the IRS requirements below to see if your health insurance plan qualifies.

## A Health Savings Account...

- Rolls over from year to year and accumulates funds long-term. You own these funds, even if your employer makes the contributions.
- Can be used to pay for any qualified medical expense permitted under federal tax law. This includes most medical care and services, and dental and vision care. It also includes many over-the-counter drugs.
- Is a portable account. If you change jobs, become unemployed, change your medical coverage, or move to another state, your HSA stays intact.
- Provides you triple tax savings: tax deductions when you contribute to your account, tax-free earnings through investment; and tax-free withdrawals for qualified medical expenses.
- Can be used to pay your health insurance premiums if you become unemployed.
- Is a smart accompaniment to an IRA because you never need to pay taxes on these funds if used for qualified medical expenses, including long-term care.
- Is insured by the FDIC up to \$250,000.



## 2010 IRS Requirements for HDHP and HSA:

HDHP:	Minimum Deductible
HDHP:	Maximum Out of Pocket
HSA:	Maximum Contribution
HSA:	Catch-up Contribution (age 55+)*

\*If a spouse is age 55 or older, a second HSA must be set up; an additional \$1,000 catch-up contribution could be made.

	SINGLE PLAN	FAMILY PLAN
	\$1,200	\$2,400
	\$5,950	\$11,900
	\$3,050	\$6,150
	\$1,000	\$1,000

## How to set up and use an HSA:

Meet with one of our bankers, who will set up the account and help you determine a payment strategy. HSA contributions can be made in one or more payments annually. Pre-tax contributions can be made by your employer. Once your account is established, you will be given a debit card and a checkbook attached to your HSA that can be used to pay for qualified medical expenses.

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## Valley Bank

Valley Bank is a full-service bank serving individuals and businesses throughout Minnesota.

We offer a wide range of banking services to help you through every stage of life.

Find out what Valley Bank can do for you. Contact one of our bankers today.

### Some available products and services:

- Mortgage and Construction Loans
- Personal, Home Equity, Home Improvement Loans
- Vehicle Loans
- Checking and Savings Accounts
- ATM and Debit Cards
- Certificates of Deposit, Money Market Funds
- Health Savings Accounts
- Online Banking and Online Bill Pay
- Business Banking Accounts and Services
- Commercial Real Estate Lending

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