



HSA—Frequently Asked Questions WOC Health Plan Participants

The following Frequently Asked Questions (FAQs) are being provided to you as a member convenience. West Ohio United Methodist Credit Union (Credit Union) does not offer tax or legal advice and THIS INFORMATION IS NOT INTENDED TO SERVE AS TAX, LEGAL OR INSURANCE ADVICE. You should direct all legal questions to an attorney and tax questions to a qualified tax professional regarding your specific situation.

What is a Health Savings Account?	A Health Savings Account (HSA) is a tax-exempt custodial account that you set up with a qualified HSA custodian, such as the West Ohio United Methodist Credit Union, to pay or reimburse certain medical expenses you incur. You must be an eligible individual to qualify for an HSA (<i>IRS Publication 969, dated Jan 2010</i>).
What is a High Deductible Health Plan (HDHP)?	An HDHP has a higher annual deductible than typical health plans and a maximum limit on the sum of the annual deductible and out-of-pocket medical expenses that you must pay for covered expenses. Out of pocket expenses include copayments and other amounts, but do not include premiums (<i>IRS Publication 969-2010</i>).
Do I qualify for an HSA?	To be an eligible individual and qualify for an HSA, you must meet the following requirements as established by the Internal Revenue Service (IRS): <ul style="list-style-type: none"> • You must be covered under a High Deductible Health Plan (HDHP) • You must have no other health coverage except what is permitted by the IRS • You must not be enrolled in Medicare • You cannot be claimed as a dependent on someone else’s tax return
What are the benefits of a HSA	You may enjoy several benefits from having an HSA. <ul style="list-style-type: none"> • You can claim a tax deduction for contributions you or someone other than your employer, make to your HSA even if you do not itemize your deductions on Form 1040. • Contributions to your HSA made by your employer (including contributions made through a cafeteria plan) may be excluded from your gross income. • The contributions remain in your account from year to year until you use them. • The interest or dividends earned on the assets in the account are tax free. • Distributions may be tax free if you pay qualified medical expenses. • A Health Savings Account is “portable” so it stays with you if you change employers or leave the work force.
How much can be contributed to my HSA?	The maximum amount that can be contributed annually to your HSA is determined by the IRS. The IRS has indicated that for 2012, the total contributions (both employer and employee contributions) for single coverage cannot exceed \$3,100 and \$6,250 for family coverage. If you meet certain age requirements, federal rules allow HSA “catch-up” contributions. If you are age 55 or older or you will turn 55 during 2012, you can contribute an additional \$1,000 to your HSA. It’s always a good idea to consult with a qualified tax professional in determining how much and when to contribute to your HSA. The IRS imposes a penalty for excess contributions. (<i>Please see IRS Publication 969 for additional details</i>).
Who is responsible for recordkeeping?	The Health Savings Account Owner is responsible for ensuring that all HSA distributions are for qualified medical expense and to maintain adequate documentation (medical receipts, etc.) and supporting records to show: <ol style="list-style-type: none"> 1. Distributions were exclusively to pay or reimburse qualified medical expenses; 2. The qualified medical expenses had not been previously paid or reimbursed from another source; and 3. The medical expenses had not been taken as an itemized deduction in any year.

<p>What is a Qualified Medical Expense?</p>	<p>Qualified medical expenses are those expenses that qualify for the medical and dental expenses deductions as defined by the IRS and are explained in <i>IRS Publication 50</i>. For more information on what qualifies as a qualified medical expense, visit www.irs.gov/publications/p502/index.html</p>
<p>What role does the Credit Union play as the custodian of my HSA?</p>	<p>The Credit Union serves a limited role as your HSA custodian. The Credit Union makes available certain financial accounts specifically designated as a Health Savings Account from which you may pay qualified medical expenses, as defined by the Internal Revenue Service (IRS). As your custodial financial institutions, we maintain your HSA funds on deposit in an IRS approved account, receive and record your contributions and distributions, provide you access to general HSA information on our web site, prepare and provide you with the appropriate tax reporting form (Form 1099 SA) annually. We also provide the IRS with year-end tax reporting of your Credit Union HSA account activity. The Credit Union does not approve or determine what is or is not a qualified medical expense. The Credit Union does not offer tax, legal or insurance advice.</p>
<p>Am I eligible for Credit Union membership?</p>	<p>As a West Ohio Conference health plan participant, you are eligible to open your HSA with the Credit Union. If you have experienced financial difficulties in the past and your Credit Union membership was previously suspended or limited, as a WOC HDHP participant, the Credit Union will allow you to reinstate your membership and open your HSA <i>Savings and Checking Accounts</i>.</p>
<p>May my spouse be a joint owner on my HSA?</p>	<p>An HSA is an individual account so your spouse may not be a joint owner. You may appoint your spouse or one other person as an <i>Agent</i> on your account. Although an <i>Agent</i> is not an account owner, you are granting them the same transactional permissions you have with your Credit Union HSA, including but not limited to, signing checks, initiating transfers, withdrawing cash, and making Debit/Check Card transactions (<i>see item 34 in the Credit Union Membership Agreement</i>). As the Account Owner, you are responsible entirely for all transactions made or initiated by your <i>Agent</i> as if you made them yourself. Please use prudence if you choose to appoint an <i>Agent</i> on your account.</p>
<p>Who can put money in my HSA?</p>	<p>Anyone can contribute to your HSA. You, your employer or anyone else may fund your HSA up to the IRS limits. However, only the HSA account owner and employer receive tax benefits on the money contributed to a HSA.</p>
<p>Are my deposits in my Credit Union HSA insured?</p>	<p>Deposits in the Credit Union are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. For more information about the NCUSIF, please contact the Credit Union or visit the NCUA's web site at www.ncua.gov.</p>
<p>Am I required to claim employer contributions to my HSA as income?</p>	<p>The current IRS Code allows you to exclude contributions (up to the maximum allowed by the IRS) made to your HSA by an employer as gross income on your annual tax return.</p>
<p>Are my contributions to my HSA tax deductible?</p>	<p>You can claim a tax deduction for contributions you or someone other than your employer, make to your HSA even if you do not itemize your deductions on Form 1040 (IRS Publication 969).</p>
<p>I have an existing HSA; may I transfer those funds to my new Credit Union HSA?</p>	<p>Yes, we accept <i>HSA Rollovers</i>. Just give us a call at the credit union and we will guide you through the process.</p>
<p>How do I make deposits to my Credit Union HSA?</p>	<p>The West Ohio Conference will make two deposits to your credit union HSA in 2012. These deposits will be processed automatically for you. Additional deposits may be made by setting up a payroll deduction plan with your employer authorizing systematic electronic transfer of funds directed to your <i>HSA Checking Account</i>. You may also deposit funds in your <i>HSA Checking Account</i> through an ATM, at our corporate office or by mail.</p>

<p>Will the money on deposit in my HSA earn dividends?</p>	<p>You may receive dividends on the funds you have on deposit in both your <i>HSA Savings</i> and <i>HSA Checking Account</i>. Dividends are declared by the Credit Union Board of Directors quarterly.</p>
<p>How can I pay for my qualified medical expenses using my Credit Union HSA?</p>	<p>Funds on deposit in your HSA can be accessed in a number of ways. You may:</p> <ul style="list-style-type: none"> ▪ Write a check from your Credit Union <i>HSA Checking Account</i>, ▪ Use your Credit Union <i>HSA Debit/Check Card</i> to pay your medical expense directly; and/or ▪ Make cash withdrawal through an ATM or at our corporate office. ▪ Pay qualified medical expenses using the Credit Union's Online Bill Payment Service.
<p>Should I pay my medical provider at the time of service?</p>	<p>Be careful not to pay too much for medical services provided. You're responsible to pay your medical provider the negotiated amount contracted by your insurance company. In many cases, this negotiated amount is significantly less than the medical provider's standard rate. It may save you money to ask your medical provider to bill the insurance company first and then pay your portion from the negotiated price. Make sure you pay no more than your portion shown on the insurance company's <i>Explanation of Benefits</i> (EOB).</p>
<p>May I use my HSA account to pay for qualified medical expenses exceeding the balance I have on deposit in my Credit Union HSA Checking Account?</p>	<p>No, the Credit Union will only honor your check or Debit/Check Card transactions when there is a sufficient balance in your HSA Checking Account to pay the item. Please be careful not to overdraw your <i>HSA Checking Account</i>. The Credit Union imposes fees associated with overdrafts as well as other fees that you may be charged by your medical provider or merchant. Please take a few minutes to familiarize yourself with the Credit Union's fee schedule (<i>included in your enrollment packet</i>).</p>
<p>May I use my HSA for other than qualified medical expenses?</p>	<p>If you use funds from your HSA for any purpose other than what is approved by the IRS before you reach age 65, you may be subject to a 20% tax penalty, plus you may be taxed on the amount of that distribution. Once you reach age 65, you avoid the 20% penalty; however, you may be taxed on the amount of distribution used for non-qualified medical expenses. You will want to talk with a tax professional concerning distributions for other than qualified medical expenses.</p>
<p>May my spouse or another person be able to use my <i>HSA Debit/Check Card</i> to pay qualified medical expenses?</p>	<p>You may grant one other person permission to access your HSA through the use of your Credit Union <i>HSA Debit/Check Card</i>. The Membership Application and HSA Custodial Account Agreement included in your enrollment packet provide a section where you can request and authorize a qualified family member to receive a second Credit Union <i>HSA Debit/Check Card</i> drawn on your account.</p>
<p>Will my Credit Union <i>HSA Debit/Check Card</i> look different than my other Credit Union card(s)?</p>	<p>Yes, the Credit Union <i>HSA Debit/Check Card</i> has a different look than our other Credit Union plastics. The same holds true for your Credit Union HSA Checks. Both will have unique identifiers to help you tell the difference.</p>
<p>When will I receive my Credit Union <i>HSA Debit/Check Card</i>?</p>	<p>If your enrollment packet is received by the Credit Union on or before November 30, 2011, you will receive your Credit Union <i>Debit/Check Card</i> before January 1, 2012. The earlier we receive your completed enrollment packet, the earlier we will be able to provide you with your Credit Union <i>HSA Debit/Check Card</i>.</p>
<p>Will I receive a statement monthly showing my HSA transaction activity?</p>	<p>Yes! You will receive an email monthly (usually before the fifth working day of the month) indicating your electronic statement is available online. Just follow the link on the email and you will enter a secure environment where you can view and print a copy of your statement. Statements remain online for twelve months. If you need a statement older than twelve months, just give us a call at the Credit Union and we will provide you with the statements you need in a timely manner.</p>
<p>Am I required to receive my statements electronically?</p>	<p>Federal law provides you the option of receiving your HSA statements in paper format. Most financial institutions charge a monthly maintenance fee to administer HSAs. The Credit Union has waived this fee for West Ohio Conference health plan participants who receive electronic statements in lieu of paper statements. Electronic statements are more cost effective and environmentally friendly than paper</p>

	<p>statements. So, we encourage you to consider electronic statements. Electronic statements also provide you with greater ease in accessing prior month statements. If you choose to receive your statements in paper format, the monthly maintenance fee of \$2 will not be waived.</p>
<p>What do I need to do to open my Credit Union HSA?</p>	<p>To open your HSA with the Credit Union you will need to:</p> <ul style="list-style-type: none"> ▪ Complete the HSA Custodial Agreement ▪ Provide Identification (<i>Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account</i>). ▪ If you would like to order checks or appoint an <i>Agent</i> to your account, please complete the forms provided in your enrollment packet. ▪ If you have questions, please give us a call at 1-800-373-1059. We're here to help!
<p>Do I need to deposit any money with the Credit Union at the time of my HSA enrollment?</p>	<p>You are not required to make a deposit when you submit your Credit Union enrollment packet. The West Ohio Conference will make a deposit to your HSA on January 2, 2012, which coincides with the effective date of your Credit Union HSA. The first \$25 of this deposit will be placed in your Credit Union <i>HSA Savings Account</i>. The remainder of the deposit will be placed in your <i>HSA Checking Account</i>. Subsequent deposits will be placed in your <i>HSA Checking Account</i> unless specified otherwise.</p>
<p>Why is it necessary that I have both a <i>HSA Savings Account</i> and an <i>HSA Checking Account</i> with the Credit Union?</p>	<p>Credit unions are unique from other financial institutions. We have no stockholders, only member-owners. The \$25 minimum balance placed in your HSA Savings Account satisfies the Credit Union's membership share requirement and makes you a member-owner of the Credit Union. As a member-owner you will have access to a wide variety of additional financial products and services. As a member-owner in good standing, you also have voting privileges.</p> <p>Your Credit Union <i>HSA Checking Account</i> is structured as a transaction account and is designed to provide you with the ability to pay your qualified medical expenses quickly and easily by writing a check or using your HSA Debit/Check Card.</p>
<p>What happens to the money in my HSA if I don't have a lot of medical expenses?</p>	<p>The money in your HSA belongs to you, including employer contributions. Any money left over at the end of the year stays in your HSA. You can continue to accumulate money in your HSA, year after year. Although there is a limit to the amount of money you and your employer can put into your HSA annually, there is no limit on the amount you can save in your HSA.</p>
<p>What happens if I leave my employer or cease to be covered under the WOC health plan?</p>	<p>Your HSA is portable, which means it is yours to take with you. The Credit Union's policy is once a member—always a member. What that means to you is that if you leave your employer or cease to be covered under the WOC HDHP you may continue your Credit Union membership and maintain your HSA at the Credit Union.</p>
<p>Can I transfer the surplus funds to a Credit Union account that pays a higher dividend?</p>	<p>Yes, in addition to the HSA savings and checking account options, the Credit Union offers HSA Share Certificates of Deposit, which generally earn a higher dividend than savings and checking.</p>
<p>May I access my Credit Union HSA online?</p>	<p>Yes! Your Credit Union HSA will be opened granting you permissions to login to our secure online banking service and view all your Credit Union balances and transactional activity, including your HSA. Through online banking, you can monitor your transaction activity; view and print checks that have cleared; transfer internally funds from one Credit Union account to another; set up reoccurring transfers; and much more. Once your account is opened, you will receive a user name and unique personal identification number (PIN) to login to the Credit Union's online banking service. The login area is located on the home page of our web site at http://www.umethodist.com.</p>

<p>What happens if I use the wrong Debit/Check Card or write a check from the wrong checking account to pay a qualified medical expense?</p>	<p>Ooops! Mistakes happen and there is usually a way to fix them. If you write a check or use the wrong Debit/Check to pay a qualified medical expense, simply reimburse yourself by writing a check from your Credit Union <i>HSA Checking Account</i>. If the other account is at the Credit Union, give us a call and we will make the transfer or you can make the transfer yourself through our online banking.</p> <p>If you write a Credit Union <i>HSA Check</i> or use your Credit Union <i>Debit/Check Card</i> to pay for an ineligible expense, give us a call and we will do our best to adjust your account. The IRS may impose certain restrictions.</p>
<p>How do I contact the Credit Union?</p>	<p>You can give us a call at 1-800-373-1059 and speak to a member service representative. We are open (M,T,W, F) from 9:00 a.m. to 5:00 p.m. and on Thursday's from 10:00 a.m. to 5:00 p.m. EST. Please keep in mind that you will have 24/7 account access through online banking. The Credit Union is located at: 431 Ohio Pike, Suite 100, Cincinnati, Ohio 45255. Our mailing address is P.O. Box 54843, Cincinnati, Ohio 45254.</p>