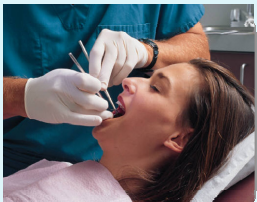


Establishing a Health Savings Account with First State Bank

Our team of friendly personal banking specialists will help you complete all the necessary paperwork to establish your own Health Savings Account.

A minimum deposit of only \$100 and proof of your high-deductible-health plan is all that is necessary to start your tax savings today.

For more information, please contact one of our personal banking specialists at 575.835.1550 or fsb@SocorroBanking.com.



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**Health Savings
Accounts from
First State Bank**

Health Savings Accounts (HSA's)



What is it?

A Health Savings Account (HSA) is a savings product that offers a different way for you to pay for your health care.



HSAs enable you to pay for current health expenses

and save for future qualified medical and retiree health expenses on a **tax-free** basis.

Managing Your HSA

Your HSA is *your* account and managed by you rather than your provider or insurance company.

- You own and you control the money in your HSA.
- Decisions on how to spend the money are made by you without relying on a third party or a health insurer.

In order to help you best manage your HAS, First State Bank will provide you with monthly statements and transaction records for your convenience.

Qualifying for an HSA

You must be covered by a high deductible health plan (HDHP) to be eligible for an HSA.

An HDHP generally costs less than traditional health care coverage so the money you save on your insurance plan can be put into your HSA.

However, keep in mind that you are not eligible for an HSA after you have enrolled in Medicare or if you have received any VA benefits in the last three months.

What qualifies as an HDHP?

An HDHP is an inexpensive health insurance plan that doesn't pay for the first several thousand dollars of health care expenses (i.e. the deductible) but will generally cover you after that. Your HSA is available to help you pay for the expenses your HDHP may not cover.



What are the qualifying limits?

In order to qualify to open an HSA, your HDHP minimum deductible must be at least **\$1,050** (self-only coverage) or **\$2,100** (family coverage). The annual out-of-pocket expenses cannot exceed **\$5,250** or **\$10,500** for self and family coverage respectively.

What are contribution limits?

If you have a self-only HDHP, the most you can contribute is \$2,900. For family coverage, the most you can contribute is \$5,800. Also, if you are age 55 or older, you may qualify for additional 'catch-up' contributions.

Limits may change year to year depending on IRS statutory changes.

Who can contribute?

Contributions to your HSA can be made by you, your employer or even a relative. All contribution are aggregated to determine your maximum contribution for the year.

What is the tax benefit?

Contributions to your HSA can be deducted from your taxable income on your annual tax returns. You do not have to itemize your deductions to benefit.

If your employer makes a contribution to your HSA, the contribution is not taxable to you.

What can be paid with HSA's?

HSA funds can pay for any "qualified medical expense", even if the expense is not covered by your health plan. For example, most health plans don't cover the cost of over-the-counter medicines, but HSA's can. You can also pay non-cosmetic dental work. Money spent from your HSA, is essentially tax-free.

Who decides qualified expenses?

You are responsible for deciding what is a qualified medical expense. The expenses are defined by IRS Publication 502 and can be found at www.irs.gov.

Will unused funds rollover?

The unused balance in an HSA automatically rolls over year after year. You can continue to use HSA funds to pay for qualified medical expenses in the next year.

