

Offering you cost savings and well-being with a Health Savings Account (HSA)



Signing up for a Health Savings Account (HSA) puts more money in your pocket.

You can pay less in taxes and get a discount on your medical expenses simply by signing up for an HSA!

A Health Savings Account (HSA) works with a high deductible health plan (HDHP), and lets you set aside a portion of your paycheck—before taxes—into an account to help you pay for medical expenses before you reach your deductible or that aren't covered by your plan. It can also help you plan for future medical expenses.

A Health Savings Account (HSA):

- ✓ **Is yours.** Funds in your HSA account stay with you, even if you change jobs. And, if you're no longer covered by an HDHP, your account stays active and you can use remaining funds for medical expenses.
- ✓ **Reduces your taxable income.** The money is tax-free both when you put it in, and when you take it out to qualified medical expenses.
- ✓ **Grows with you.** If you maintain a minimum balance of \$1,000, your additional funds may be invested in mutual funds yielding tax-free earnings.
- ✓ **Helps you plan for the future.** Until you turn 65, withdrawals used for eligible expenses are tax free. After you turn 65, or if you become disabled, your HSA account becomes similar to a regular IRA. Withdrawals you use for non-eligible expenses will be taxed at your regular income tax rate, but will not incur additional penalties.



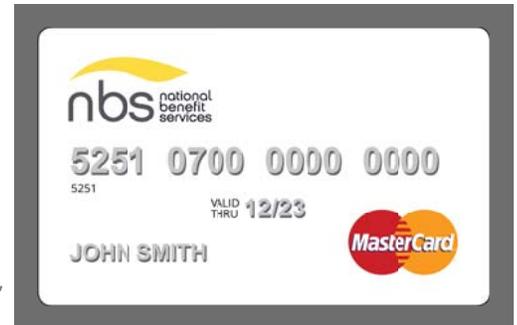
How it Works

You and your employer can deposit money into your HSA account up to an annual per person or family limit set by the IRS. You can use money in your HSA account to pay for insurance deductibles and medical care/supplies like dentistry, ophthalmology and prescription drugs.

When you enroll, an account will be created for you at Avidia Bank. You will be given access to a secure, easy-to-use web portal where you can track your account balance, view your investment accounts and submit requests for reimbursements.

In addition, you'll be issued an NBS Smart Card you can use at point-of-sale to pay for approved medical expenses.

You can request reimbursement distributions online at <https://nbsbenefits.com/> for any purchases not made with you NBS Smart Card. Payment will be made based upon your available funds and may be sent via direct deposit, online bill pay, or check.



How it Saves You Money

Enrolling in an HSA can help you save money in several ways. Choosing a high deductible health plan helps you reduce your monthly insurance premiums. You can use these savings to fund your HSA account. Money you deposit into your HSA account isn't subject to federal income taxes, which means your take-home pay increases. You can use money from your HSA account to pay for medical care/supplies that aren't typically covered by medical insurance. Because that money isn't taxed, you're essentially getting a 25% to 40% discount on these expenses. And, unused money you keep in your HSA account can be invested in mutual funds with no taxes to you on qualified withdrawals, interest, or growth.*

Your HDHP monthly premiums are lower.	You contribute a federal tax-free amount each month.	You use your funds to pay un-covered expenses.	Your unused funds earn federal tax-free interest, and can be invested in mutual funds.*
Savings #1	Savings #2	Savings #3	Savings #4
You (or your employer) pay lower premiums.	Your take-home pay increases by your tax rate.	You essentially get a 25% to 40% discount on medical expenses.	You don't get taxed on qualified withdrawals, interest, or growth

*A \$1,000 minimum balance is required to move money into investment funds.

Expenses applied to deductible	\$1,200
Dental cleanings and fillings	\$ 880
Eye exams	\$ 240
Glasses and prescription sunglasses	\$ 580
Chiropractic fees	\$ 640
Prescription drugs	\$ 780
Total	\$4,320
Annual Savings at 25% Federal Income Tax Rate	\$1,080
Annual Savings at 40% Federal Income Tax Rate	\$1,728

This illustration shows the typical savings of a single person with a high deductible health plan and an HSA account.



The long-term benefits of an HSA account are shown in this illustration, which represents a \$3,000 annual contribution, \$500 in qualified expenses per year, and a 5% annual rate of return on mutual fund investments.

Eligible Expenses

Expenses can be reimbursed from your HSA if the expenses are for the diagnosis, cure, mitigation, treatment or prevention of disease and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses solely for cosmetic reasons generally are not considered expenses for medical care. Also, expenses that are merely beneficial to your general health are not eligible.

The following list shows common examples of qualified medical expenses. Complete lists of eligible and non-eligible expenses can be found in IRS Publication 502, which can be ordered from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or by visiting www.irs.gov.

Sample Expenses

Medical Expenses

- Acupuncture
- Addiction programs
- Adoption (medical expenses for baby birth)
- Alternative healer fees
- Ambulance
- Body scans
- Breast pumps
- Care for mentally handicapped
- Chiropractor
- Copayments
- Crutches
- Diabetes (insulin, glucose monitor)
- Eye patches
- Fertility treatment
- First aid (i.e. bandages, gauze)
- Hearing aids & batteries
- Hypnosis (for treatment of illness)
- Incontinence products (i.e. Depends, Serene)
- Joint support bandages and hosiery
- Lab fees
- Monitoring device (blood pressure, cholesterol)
- Physical exams
- Pregnancy tests
- Prescription drugs
- Psychiatrist/psychologist (for mental illness)
- Physical therapy
- Speech therapy
- Vaccinations
- Vaporizers or humidifiers
- Weight loss program fees (if prescribed by physician)
- Wheelchair

Dental Expenses

- Artificial teeth
- Copayments
- Deductible
- Dental work
- Dentures
- Orthodontia expenses
- Preventative care at dentist office
- Bridges, crown, etc.

Vision Expenses

- Braille - books & magazines
- Contact lenses
- Contact lens solutions
- Eye exams
- Eye glasses
- Laser surgery
- Office fees
- Guide dog and upkeep/other animal aid

Items that generally do not qualify for reimbursement

- Personal hygiene (deodorant, soap, body powder, sanitary products)
- Addiction products
- Allergy relief (oral meds, nasal spray)
- Antacids and heart burn relief
- Anti-itch and hydrocortisone creams
- Athlete's foot treatment
- Arthritis pain relieving creams
- Cold medicines (i.e. syrups, drops, tablets)
- Cosmetic surgery
- Cosmetics (i.e. makeup, lipstick, cotton swabs, cotton balls, baby oil)
- Counseling (i.e. marriage/family)
- Dental care - routine (i.e. toothpaste, toothbrushes, dental floss, anti-bacterial mouthwashes, fluoride rinses, teeth whitening/bleaching)
- Exercise equipment
- Fever & pain reducers (i.e. Aspirin, Tylenol)
- Haircare (i.e. hair color, shampoo, conditioner, brushes, hair loss products)
- Health club or fitness program fees
- Homeopathic supplement or herbs
- Household or domestic help
- Laser hair removal
- Laxatives
- Massage therapy
- Motion sickness medication
- Nutritional and dietary supplements (i.e. bars, milkshakes, power drinks, Pedialyte)
- Skin care (i.e. sun block, moisturizing lotion, lip balm)
- Sleep aids (i.e. oral meds, snoring strips)
- Smoking cessation relief (i.e. patches, gum)
- Stomach & digestive relief (i.e. Pepto-Bismol, Imodium)
- Tooth and mouth pain relief (Orajel, Anbesol)
- Vitamins
- Wart removal medicine
- Weight reduction aids (i.e. Slimfast, appetite suppressant)

These expenses may be eligible if they are prescribed by a physician (if medically necessary for a specific condition).



Things to Keep in Mind

Although enrolling in and using an HSA can be easy, convenient and beneficial, you need to be aware of the regulations. The list below answers many of the commonly asked questions about Health Savings Accounts. More details can be found at www.nbsbenefits.com or www.irs.gov.

Eligibility

- If you are claimed as a dependent on someone else's taxes or are covered by any other health insurance policies that are not considered HDHPS, including Medicare and unlimited Flexible Spending Accounts, you are not eligible for an HSA.
- If you participate in an unlimited FSA or HRA through your employer or your spouse's employer, you are not eligible for an HSA.
- You and your spouse can each have an HSA if you both have high deductible coverage. If you have family HDHP coverage, the maximum contribution is split equally unless you and your spouse agree on a different division.

Reimbursement

- You do not have to submit receipts to receive your reimbursement. However, you need to keep receipts and documentation for each year's federal tax return (Form 8889 attached to Form 1040).
- You can make a withdrawal at any time. Reimbursements for qualified medical expenses are tax-free. If you are disabled or reach age 65, you can receive non-medical distributions without penalty, but you must report the distribution as taxable income. You may also use your funds for a spouse or dependent not covered under your HDHP.

Using an HSA with an FSA

As long as the FSA (Flexible Spending Account) is limited to dental, vision and/or preventive care expense, you can have an FSA with the HSA. This type of FSA typically is called a Limited Purpose FSA, or LPFSA.

Using an HSA with an HRA

There are three different types of HRAs that will work alongside an HSA:

- 1** an HRA that is limited to dental, vision and/or preventive care expenses
- 2** an HRA that may only reimburse expenses after the HDHP deductible is met
- 3** a Retiree HRA that can only reimburse expenses once an individual retires. With a Retiree HRA, an individual is no longer eligible for an HSA after retirement when they have access to their Retiree HRA funds.



Claim Entry

- You are eligible to begin an HSA plan starting on the first day of each month. If you get HDHP coverage mid-month, your HSA eligibility starts on the first day of the following month.
- An HSA must be set up and the contributions must be made by your tax return due date for the year, not including extensions.

Status Changes

- If your HDHP coverage changes from single to family, the contribution can be increased on a prospective basis. In the month where you are covered under a family plan, you are allowed to increase your contributions.
- If your HDHP coverage changes from family to single, you will need to adjust the contribution on a prorated basis to ensure you do not exceed your deposit limit.
- The transfer of your interest in your HSA under a divorce or separation agreement is not taxable. Your recipient spouse or former spouse can continue to avoid taxation on the account as long as its maintained as an HSA.

Transfers

- You can easily transfer an existing HSA balance or rollover an Archer Medical Savings Account (MSA) balance.

Beneficiaries

If your spouse is your beneficiary, your HSA will be treated as their account after your death. If you choose someone other than your spouse as your beneficiary, the account stops being an HSA and the fair market value of the account becomes taxable to your beneficiary.

Enrollment is easy as filling out the form you can find at www.nbsbenefits.com
Using your HSA account is even easier with the convenient NBS Smart Card, NBS mobile app and secure website that lets you see your balance, manage your investments and submit requests for reimbursement 24/7/365.

Sign up for an HSA today and start putting more money in your pocket!

Making it Easy

NBS Mobile App

When you're on the go, save time and hassle with the NBS Mobile App.

Submit claims, check your balances, view transactions, and submit documentation using your device's camera.

Easy and secure

- Shares user authentication with the NBS portal. Registered users can download the app and log in immediately to gain access to their benefit accounts, with no need to register their phone or your account.
- No sensitive account information is ever stored on your mobile device and all transmissions use encryption.

Includes virtual assistant 'Emma'

- The first voice-activated intelligent assistant for consumer-driven healthcare.
- Ask Emma questions about your account such as:
How much is my account balance?
What is the annual contribution limit?
Can I change my election amount?

Mobile app features

The NBS mobile app supports a wide variety of features, empowering you to proactively manage your account.

- View account balances
- View claims
- View reimbursement history
- Submit claims
- Submit documentation using your device's camera
- Pay providers
- Setup a variety of SMS alerts
- Edit your personal information
- View contribution details
- View plan information
- View calendar deadlines
- Contact a service representative
- View Benefits Card information



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