

Understanding Your Health Savings Account (HSA)

Frequently Asked Questions

THE BASICS

What is a Health Savings Account (HSA)?

An HSA is a special, tax advantaged account that is owned by you and is designed to allow you to contribute funds on a pre-tax or tax-deductible basis. You may use the funds to pay for eligible medical expenses if you have a High Deductible Health Plan (HDHP) and meet all other eligibility requirements. Within these FAQs there is information about the HSA such as:

- How to make contributions to your HSA
- How to determine how much to contribute to your HSA
- Using the account funds to pay for eligible medical expenses
- How to manage your account and tax reporting

Please read this information carefully. The secure HSA accountholder website has additional resources that can supplement these FAQs to learn more about the benefits of your HSA. After you read these FAQs, you may want to navigate to the My Account tab and click on the HSA 101 Video under the Quick Links section. If you have additional questions you may want to contact your tax advisor.

What are the benefits of having an HSA?

- You can save up to 30% or more on your healthcare costs.
- You build a healthcare nest egg that's yours to keep – even if you change jobs.
- You can save your HSA funds in an FDIC-insured savings account, or choose to invest in a diverse range of mutual funds (if applicable to your program).
- Money you don't use stays in your account year after year, earning tax-free interest.
- If you don't use the money for medical expenses, you can spend it on a taxable basis for retirement or any other purpose after age 65.

ELIGIBILITY

Am I eligible for an HSA?

To be eligible for an HSA:

- You must first be enrolled in a High Deductible Health Plan (HDHP).
- You cannot be covered by any other health insurance coverage.
- You must not be claimed as a dependent on another person's tax return.
- You cannot be enrolled in Medicare.

Note: If your employer offers a healthcare Flexible Spending Account (FSA) and you choose to enroll in both the HSA and FSA, the eligible expenses on the FSA must be limited to certain items such as dental, vision, preventative or medical expenses after you have met your deductible (a "limited FSA").

Please contact your tax advisor if you have additional questions.

What is an HDHP?

An HDHP (High Deductible Health Plan) is an insurance plan with the following characteristics:



- Minimum deductible of \$1,200 for individual coverage and \$2,400 for family coverage in 2012; amounts may be indexed for inflation in subsequent years.
- Annual out-of-pocket expenses (including deductibles and co-pays) are capped for 2012 at \$6,050 for individuals and \$12,100 for families.
- An HDHP can have first dollar coverage (no deductible) for preventive care (such as immunizations, annual physical exams and screening tests) and higher out-of-pocket limits (co-pays and co-insurance) for non-network services.
- Having an HDHP is one of the requirements of having and making contributions to a Health Savings Account (HSA).

CONTRIBUTIONS

What is the maximum amount that I can contribute to my HSA?

For 2012, your maximum total annual contribution is limited to \$3,100 for individual coverage and \$6,250 for family coverage. HSA accountholders ages 55 and older are eligible to make an additional catch-up contribution up to \$1,000 in the calendar year. Contributions can be made up to April 15th or the business day following, for the previous calendar year.

Per IRS restrictions, maximum contributions are based upon maintaining enrollment in a qualified medical plan on the first day of the month for all 12 months for the calendar year. If you enroll for less than 12 months your maximum allowable contribution may be less than the amounts identified.

If you are enrolled in the HDHP plan for part of the calendar year please consult your tax advisor for the applicable HSA contribution limit based on the length of your continued HSA eligibility.

Please contact your tax advisor if you have additional questions or go to the Tools & Resources tab and click on the.IRS.gov link.

How do I contribute to my HSA?

You can make contributions to your HSA by:

- Authorizing an Electronic Funds Transfer (EFT) from your designated checking account either as a one-time or monthly transfer.
 - You can initiate an EFT from a checking account to your HSA by clicking on the “Make Contributions” link on the My Account page or from the Transfers tab.
 - You can arrange for an EFT greater than \$1000, but will need to complete the EFT Authorization form to do so. These EFT forms are available by clicking on “Forms and Documents” under the Tools & Resources tab.
- Requesting pre-tax payroll deductions, if available from your employer
- Making contributions by check in any amount up to the maximum limit. You received deposit slips with your HSA debit card and welcome materials and can access them online in the “Forms and Documents” section of this site. Once you have sent in your deposit, you can check your transaction activity under the Transactions tab to see when your check is credited. Once we receive the check, funds are credited by the third business day.
- Rolling over funds from another HSA or Archer Medical Savings Account (MSA). You may access a rollover form by accessing the Tools & Resources tab and clicking on the “Forms and Documents” section of this site. You may also request a rollover form by calling Customer Service at the number on the back of your HSA debit card. After completing the form, please send it to your current MSA/HSA custodian; the form will serve as your instructions to transfer the MSA/HSA funds into your new Chase HSA.
- Initiating a one-time trustee-to-trustee transfer from your Individual Retirement Account (IRA).

HSA contributions for any particular year may be made on, or before, the applicable tax filing deadline for such year (usually April 15th).

Who can contribute to my HSA?



You, your employer or any individual may make contributions to your HSA, as long as the total contributions to the account do not exceed the maximum annual contribution limit.

What happens if I contribute too much to my HSA?

The IRS imposes a penalty on excess contributions until corrected. Additionally, you will be required to pay tax on the interest earned on those excess contributions. You are responsible for tracking your contributions to ensure you do not exceed the maximum allowable contribution. Should you make excess contributions you can withdraw those funds before the tax filing deadline to avoid the penalties. Please use the Excess Contribution Form which is available in the “Forms and Documents” link under the Tools & Resources tab. You should contact your tax advisor for more information on correcting excess contributions.

Can I make a contribution designated for the prior tax year?

Until the applicable tax filing date for a particular year, you have the option of making additional HSA contributions and designating them to apply to such year. Remember, however, that you must not exceed the maximum statutory limits on yearly contributions.

WITHDRAWALS

What is considered a qualified medical expense and why is that important?

Your Chase HSA should only be used to pay for qualified medical expenses that apply toward your High Deductible Health Plan (HDHP) annual deductible amount, or for qualified medical expenses that your health plan might not cover, such as vision care (eye glasses and contact lenses), dental and orthodontic services and even long term care insurance.

By definition “qualified medical expenses” are fees paid for the diagnosis, care, mitigation, treatment or prevention of disease or illness. You can find detailed information about qualified medical expenses in Section 213(d) of the Internal Revenue Code, and IRS Publication 502. This information is available on the Tools & Resources tab. There are also “quick links” on your My Account page which will provide additional information on qualified medical expenses.

This is important because you are responsible for determining which expenses are considered qualified expenses and for complying with HSA spending regulations. Distributions for non-qualified expenses will be subject to income tax and may be subject to an additional 20% tax penalty. Make sure you keep all receipts so that you can document for the IRS the appropriate use of these funds. To help you organize your expenses, you can utilize the HSA Expense Tracker which can be found under the Transactions tab. Please consult your tax advisor for additional information.

How can I withdraw funds from my HSA?

There are numerous ways to make distributions from your HSA:

- **Debit Card:** An HSA debit card was mailed to you when your account was opened. You can use it to make purchases wherever Visa® is accepted or you can withdraw funds without a charge from any Chase-owned ATM. Please remember that if you use your card at a non-Chase ATM, the ATM operator will likely assess a surcharge (typically between \$1.00 and \$3.00) for using their machine. If you do incur eligible medical expenses you can pay yourself back by withdrawing funds from an ATM. Go to your My Account page and select the Find a No Fee Chase ATM quick link to find the Chase ATM nearest to you.
- **Online Bill Payment:** Simply, access the Payments tab and in just a few clicks you can set up payees and schedule one-time or repeating payments. Refer to your fee schedule for any related fees.
- **Checks*:** For some programs, the Chase HSA also provides you with the option to receive checks to access your funds. Should your doctor not accept Visa® debit cards, this is convenient way to pay your doctor. Please call the



number on the back of your HSA debit card to request an application. Please be aware that checkbook fees do apply. Please access the Tools & Resources tab and click on the “Fee Schedule” link to see the complete list of fees for your HSA.

** Not all programs offer HSA checks. Checks are subject to preapproval.*

Can I use this account for non-medical items?

You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified health expenses you incur after you establish the HSA. If you make withdrawals for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax penalty. Please remember, just like a personal checking account, your funds carry over each year, and continue to accrue interest as long as they remain in the account. You do not have to make distributions from your HSA each year, and can save your funds for future medical expenses.

After age 65, or once you are eligible for Medicare, or should you become disabled, funds can be withdrawn for any reason, but are subject to income tax. There is no additional excise tax after age 65. An HSA is another great way to save for retirement!

Do I have to have funds in my account prior to a medical expense?

No, you do not have to have the funds in your account prior to the actual medical expense. You can contribute to your HSA after your medical expense occurs. In order to reimburse yourself your HSA must be open at the time of the expense. Remember to keep a good record of all receipts and related expenses.

MANAGING YOUR ACCOUNT

How do I activate my card?

To activate your HSA debit card, visit the secure HSA accountholder website or call **1-866-295-9173**. You will need the last 4 digits of the primary cardholder’s social security number as well as his or her date of birth.

Where can I use my debit card?

You may use your debit card anywhere that Visa® debit cards are accepted, including your doctor’s office. You can also withdraw cash from your HSA by using the card at any participating ATM.

How do I get my PIN?

When you activate your debit card, you will be given directions for choosing your PIN.

How do I change my PIN?

If you forgot your PIN you will be unable to use your debit card at the ATM or for PIN purchases. You can, however, still use your debit card for signature purchases.

You can reset your PIN online at this website under the Customer Center tab using the “Change PIN” link. You can also reset your PIN, by calling the Card Activation Center at **1-866-295-9173**. When prompted for the activation code, you will need to enter the last 4 digits of the primary cardholder’s Social Security number and his or her date of birth. Your next step will be to choose a new PIN.

How can I get an additional card for my family member to use with this account?



You may request additional cards for family members online or by calling HSA Customer Service at the number shown on the back of your HSA debit card. Please note that additional cardholders will have access to all the funds in the HSA and can review certain information including transaction activity. Access to certain functionality online, such as account transfers or online bill payments is restricted for all cardholders who are not the primary account holder. Please check your Fee Schedule under the Tools & Resources section of this site regarding any related fees.

How can I change the beneficiary on my account?

To designate a new beneficiary for the account (to receive funds in the event of your death), primary account holders can add, delete or update their beneficiary information online. Go to the Manage Account section under the Customer Center tab. You can also download the Beneficiary Designation Form from "Forms and Documents" under the Tools and Resources tab. Your signature is required on this important document.

What if I lose my HSA debit card or it is stolen?

Immediately contact the dedicated lost/stolen card number at **1-866-524-2562**.

Chase provides 24-hour customer service to assist you with a lost or stolen HSA debit card. Once a card is reported lost or stolen to HSA Customer Service, the lost or stolen card is "blocked" to prevent any further card usage and a new replacement card is issued with a new account number. You may be charged a fee for a replacement card. If applicable, this fee is identified in the Fee Schedule under the Tools & Resources tab.

There's an unauthorized debit card transaction on my account, what do I need to do?

Please immediately call Customer Service using the number on the back of your HSA debit card.

How often can I transfer funds using Electronic Funds Transfers (EFT)?

You may transfer funds as often as you like, but the total amount of one-time transfers in any 14-day period cannot exceed \$1000. During that same 14-day period, you may also schedule a monthly EFT, if you desire. All EFTs require a minimum transfer of \$20.00 and to minimize risk, Chase has decided to allow a maximum of \$1000 in a single EFT.

Can I set up a recurring monthly EFT?

Yes, you can schedule either a one-time or a recurring EFT at the secure HSA account holder website.

If I set up a recurring EFT, how can I change or cancel it?

If your EFT request instructions haven't yet been processed, you can go to the Account Transfer Activity screen under the Transfers tab in the secure HSA account holder website, cancel the pending request and add a new one as needed.

How soon are EFT funds posted to my HSA?

The funds from your checking account will generally be available in your HSA Cash Account no sooner than 2-3 business days after the drawdown request is submitted by us to the ACH system.

How do I start paying bills online?



In order to start using the Online Bill Payment Service, you must first read and agree to the Online Bill Payment and Transfers Terms and Conditions. Once you have access to the Bill Payment functionality under the Payments tab, the first step you must do before you are able to schedule payments is to add a Payee – the entity that you want to send the payment to. Make sure that you include all pertinent information about the Payee to ensure that your payment is properly delivered.

How often can I schedule a payment to go out and how long does it take for my payee to receive it?

You can either schedule a one-time, future dated or repeating payment to any Payee. You will need to designate the Process Date, the date which you want Chase to start processing the specific payment. Funds will be withdrawn from your HSA on the Process Date for all payments. Typically, payments fulfilled via paper check take 7 days to reach the Payee and payments fulfilled electronically take 2 days to reach the Payee. Make sure you take these estimated delivery timeframes into consideration when you are designating the Process Date.

How can I update, cancel or stop a payment?

If the payment request is still in a Pending status, you can go online to the Bill Payment Activity screen and update or cancel the payment. Once the payment has started to be processed, you will have to call HSA Customer Service to submit a request to stop the payment (fees apply).

What if I don't have enough funds in my HSA to cover an online bill payment?

On the Process Date, Chase will verify if there are enough funds in your HSA to cover all payments scheduled for the day. If you do not have enough funds to cover a payment, the payment will not be processed and a Payment Failure – Insufficient Funds fee will be charged to your account.

Are investment options available?

Once the balance in your account reaches the threshold amount specified in your HSA Custodial Account Agreement, you are eligible to transfer those funds to open an HSA Investment Account. Through the HSA Investment Account you are able to invest in a variety of mutual funds, each investing in different types of securities with distinctive risk and return attributes. Remember that any funds transferred to your investment account are not available for direct payment of eligible medical expenses. The funds must be transferred back to your HSA Cash Account. With the HSA Investment Account you have online functionality to purchase funds, exchange balances between funds, set-up repetitive investments see investment activity and redeem and transfer funds back to your HSA Cash Account. Trades and other transactions can also be placed by contacting our registered representatives. Please note that a fee may apply for transactions placed by phone.

How can I get more information about Investments?

You can get more information by clicking on “Learn About Investments” under the Investments tab or by contacting HSA Customer Service at the phone number on the back of your HSA debit card.

Why is it important to routinely check my HSA transaction activity?

Just like your personal checking or savings account, your Chase HSA allows electronic transactions through your HSA debit card. As indicated in your debit card agreement it is your responsibility to review your account on a periodic basis. Should there be fraudulent transactions on your account, and you fail to report them within 60 days you may not be able to recover those funds. The good news is that there are many tools to assist you with managing your Chase HSA. You can navigate to the Transactions tab and view and search for recent transactions. Transactions are available for the life of your account. You can also view previous account statements.



Additionally, you may want to consider leveraging our Online Account Alerts Service to help ensure that only transactions initiated by you occur on your account. While you should review this function to determine what alerts may be best for you, two easy alerts to leverage are the “Debit Posted” alert and the “Monthly Account Statement” alert. Why not click on the Alerts tab and find out more today!

Is my personal information safe? Who do you share my information with?

The security of your personal information related to your HSA is taken very seriously. Chase takes many precautions to ensure that your information is secure and used only for the purposes of your account. You can find a copy of the HSA Privacy Policy in the “Forms and Documents” link under the Tools & Resources tab.

Other than ATM surcharges, what other fees and/or penalties am I responsible for?

You may be responsible for monthly banking fees and transaction fees such as insufficient fund charges, etc. The most current fee schedule for your HSA program, including tips on avoiding these fees, is located under the Tools & Resources tab, and clicking on the “Fee Schedule” link.

Where should I go to get a copy of a past statement?

You can find past statements under the Statements tab. You can also search for specific transactions under the Transactions tab.

If I want to do a direct rollover from my HSA at Chase into another HSA at another institution, what should I do?

Please contact Customer Service and ask for an Account Closure Request form. This will be the written request to close your account and will provide the instructions of where to send your funds from your HSA. After we receive your instructions, we will close the account. A check or EFT will be sent to you or the new custodian after eleven days to allow for any possible remaining transactions to post to your account. Please allow 7-10 days for this to arrive through the mail.

How is the interest rate calculated on this account? And how frequently does the interest rate change?

Your HSA will earn interest based on the balance you maintain in your account. The interest rate is compounded daily and credited to your account monthly, and changes based on market conditions. We will report the interest rate in effect during the month on your monthly statements and on the HSA accountholder website where your transaction activity is displayed.

Your interest rate is can change on a monthly basis based on market conditions.

TAX INFORMATION

What is the tax treatment of an HSA? What tax requirements exist for members?

Any contributions made from your payroll are made before federal taxes. Contributions not taken from your pay are tax deductible up to the annual limit. Interest earnings on your HSA are tax-deferred and qualified distributions are tax-free. Upon death, disability, age 65 or Medicare entitlement, funds can be withdrawn for non-medical reasons without penalty, but the distributions will be subject to income taxes.

If you elect to make contributions to your HSA with after-tax funds you should report these after tax contributions on your federal tax return to take full advantage of possible income tax deductions associated with these contributions.



If you exceed your allowable annual contribution, you may be subject to income tax and IRS tax penalty on the excess.

Note: We will send required forms annually to the IRS and to you to assist with year-end tax preparation. Consult with your tax advisor to review your specific circumstances.

What tax-related documentation will I receive with my HSA?

The IRS requires that Chase report HSA activity to you and the IRS. By the end of January you will receive Form 5498-SA reporting your contributions for the previous calendar year. If you make contributions after January 1st for the previous tax year you will receive an additional updated 5498-SA in May. Remember that contributions can be made until April 15th or the business day following, for the previous calendar year.

If you made distributions in the previous calendar year you will receive a form 1099-SA.

Using this information and the information available online, you will need to complete IRS Form 8889: Health Savings Accounts. There are many tools available online under the Tools & Resources tab to assist in filing your taxes, including the Form 8889, the associated instructions, as well as IRS information. Also, under the Transactions tab you will find your YTD tax summary and YTD contribution and distribution information. All tax statements you receive will also be available under the Statements tab.

Will Chase also file tax forms on my behalf?

Yes. Form 5498-SA reports all contributions to your HSA in a given tax year, and Form 1099-SA reports all withdrawals. Both forms are filed electronically with the Internal Revenue Service. Chase will send you statement copies for your records as well as make them available online at the secure HSA accountholder website.

WHAT-IFS

What if I never spend all of my HSA funds?

All unused funds in your HSA carry over into the next year and continue to accrue interest. If you have funds in the HSA Investment Account, they will also remain available year-to-year.

What happens if I terminate my employment with my current employer?

Your HSA funds are yours to keep, even if you change jobs, retire or change medical plans.

Funds deposited into your HSA automatically carry over from year to year. You can continue to use your HSA dollars to pay for qualified medical expenses for you and your qualified dependents.

If you are enrolled in a qualified HSA medical plan for only part of the calendar year you may contribute up to your maximum allowable amount for the period you were enrolled. Contributions can be made until the date for filing your tax return for that calendar year (without extensions).

What if I choose to no longer participate in an HDHP?

Funds deposited into your HSA remain in the account and automatically carry over from year-to-year. You can continue to spend any remaining funds in your HSA to pay for qualified medical expenses. In general, you are not eligible to contribute to your HSA once you are no longer covered by and HDHP. However, if you cease to be eligible during a particular year, you may, until the date for filing your tax return for that calendar year (without extensions), make contributions to the HSA for the months of the year when you were eligible.



What if I want to close my account?

A written request to close your account is required even if your account no longer has a balance. To do this, please contact Customer Service. Please carefully follow the instructions on the form. If you have any questions you can call the number provided on the form.

After we receive your written instructions, we will close the account. A check or an electronic payment sent to you or to your designated HSA custodian, after 11 days to allow for any possible remaining transactions to post to your account. For check requests please allow another 7-10 days for it to arrive through the mail.

Please note: Funds returned to you are considered distributions and unless you have incurred qualified medical expense exceeding this distribution or unless the HSA funds are deposited into another HSA within 60 days, tax penalties may occur. You may want to keep your HSA open at Chase to use to pay for additional qualified medical expenses as they occur or save your funds until age 65, when generally they can be withdrawn for non-qualified expenses with penalty. You should consult your tax advisor for details.

For more complete information about any of the mutual funds available within the HSA Investment Account, please visit the accountholder website or contact a J.P. Morgan Institutional Investments Inc. registered representative at 1-866-774-7129. Investors should carefully consider the investment objectives, risks, charges, and expenses of the fund. Please carefully read the prospectus, which contains this and other important information, before you invest or send money.

Health Savings Accounts are administered by JPMorgan Chase Bank, N.A. Member FDIC.

Mutual funds are introduced by, and HSA investment accounts are offered by, J.P. Morgan Institutional Investments Inc., member FINRA and SIPC, and an affiliate of JPMorgan Chase Bank, N.A. This service is available only to U.S. persons (including U.S. Citizens and U.S. Resident aliens) residing in the U.S.

Mutual fund shares are: NOT FDIC INSURED, NOT PRODUCTS OF OR GUARANTEED BY THE BANK and MAY LOSE VALUE.

© 2011 JPMorgan Chase & Co. All rights reserved.