

## Advantages of HSAs

### Affordability

You should be able to lower your health insurance premiums by switching to health insurance coverage with a high deductible.

### Control

You make all the decisions about:

- How much money to put into the account.
- Whether to save the account for future expenses or pay current medical expenses.
- Which medical expenses to pay from the account.

### Convenience

Your Mayville State Bank HSA offers you the convenience of accessing your funds through checks or debit card. Plus, you can track your account with monthly paper statements, e-statements, or through free Internet banking.

### Flexibility

You can use the funds in your HSA to pay for current medical costs, including expenses your insurance may not cover, or save the money in your account for future needs, such as:

- Health insurance or medical expenses if unemployed.
- Medical expenses after retirement (before Medicare.)
- Out-of-pocket expenses when covered by Medicare.
- Long-term care expenses and insurance.

### Ownership

There is no "use it or lose it" clause for HSAs. Funds remain in your account from year to year.

### Portability

You can keep your HSA even if you:

- Change jobs
- Change your medical coverage
- Become unemployed
- Move to another state
- Change your marital status.

### Security

The money you save in your Mayville State Bank HSA is insured by the FDIC.

### Tax Savings

A HSA provides you triple tax savings:

- Tax deductions when you contribute to your account.
- Tax-free earnings through interest.
- Tax-free withdrawals for qualified medical expenses.



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MEMBER FDIC

01/2020

## Health Savings Accounts



## Health Savings Account

Mayville State Bank's Health Savings Account is a convenient, low maintenance, interest bearing checking account. The interest earned in your HSA is **tax-free**.

Withdrawals from your HSA are tax-free when used for qualified medical expenses. The funds in your HSA are easily accessible by writing a check or using your free debit card to pay for your qualified medical expenses.

Your HSA contributions can be made pre-tax as a direct deposit from your employer or used as a **tax-deduction** when you contribute to your account.

## Who is Eligible for a HSA?

Any adult can contribute to a HSA if they:

- Have coverage under a HSA-qualified high deductible health plan (HDHP).
- Have no other first-dollar medical coverage. (insurance coverage such as accident, dental, disability, long-term care, or vision are permitted.)
- Are not enrolled in Medicare.
- Cannot be claimed as a dependent on someone else's tax return.

HDHP Minimum Deductible*	
2019 Single Coverage \$1,350	2020 Single Coverage \$1,400
2019 Family Coverage \$2,700	2020 Family Coverage \$2,800

HDHP Maximum Out-of-Pocket Expenses*	
2019 Single Coverage \$6,750	2020 Single Coverage \$6,900
2019 Family Coverage \$13,500	2020 Family Coverage \$13,800

\*Amounts are adjusted annually for inflation.

## HSA Contributions

For each year you are eligible you can make a contribution to your HSA up to the maximum amounts listed below. Individuals who are age 55 and older can make an additional catch-up contribution of \$1,000 for 2009 and beyond. *Contributions may be made as late as April 15th of the following year.*

As long as you are covered by a HSA qualified HDHP at the end of the calendar year, you are eligible to contribute the maximum amount as listed below. If you do not have coverage at the end of the calendar year, your contribution amount is pro-rated based on the number of full months you had the HDHP.

	Maximum HSA Deposit*	Maximum HSA Deposit with Catch-up
2019 Single Coverage	\$3,500	\$4,500
2020 Single Coverage	\$3,550	\$4,550
2019 Family Coverage	\$7,000	\$8,000
2020 Family Coverage	\$7,100	\$8,100

\*Amounts are adjusted annually for inflation.



Our Financial Service Representatives would like to help you start saving tax-free for your health expenses.

Please stop in or call 1-800-732-0642.

## HSA Spending

You can use the money in your HSA to pay for qualified medical expenses as permitted under federal tax law. This includes most medical care and services, dental, and vision care. Effective January 1, 2011, a HSA distribution used to pay for a medicine or drug is a tax-free qualified medical expense only if (1) a prescription is required, (2) the individual obtains a prescription even if a prescription is not required, or (3) it is insulin.

You may use funds from your HSA to reimburse yourself for qualified expenses from a previous year as long as you had a HSA at the time the expenses were incurred.

Any amount used for purposes other than to pay for qualified medical expenses is taxable as income and subject to an additional 20% tax penalty. Examples include:

- Medical expenses that are not considered qualified medical expenses under federal tax law, cosmetic surgery for example.
- Medicare supplement insurance premiums
- Expenses that are not medical or health related.

After you turn age 65, the 20% additional tax penalty no longer applies. If you become disabled and/or enroll in Medicare, the account can be used for other purposes without paying the additional 20% penalty.

*Maintaining receipts and records for the use of your HSA funds is important in case you are ever audited by the IRS.*

A minimum deposit of \$100.00 is required to open a HSA. To avoid a \$5.00 monthly service charge on your HSA, you must maintain a minimum balance of \$250.00 or receive automated direct deposits to this account no less than monthly.