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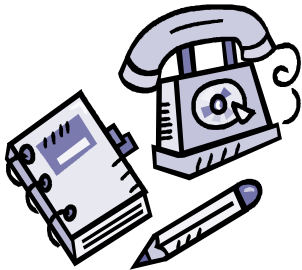
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HEALTH SAVINGS ACCOUNT (HSA) & 125 FLEXIBLE BENEFITS PLAN

HOW THEY WORK TOGETHER



Health Savings Accounts and 125 Flexible Benefits Plans

Eligibility

If you have enrolled in a High Deductible Health Plan (HDHP) and have established a Health Savings Account (HSA) you need to be aware of the following IRS rules:

- An individual is not eligible to contribute to a Health Savings Account if he/she is covered by a Full-Use Medical Flexible Spending Account as opposed to a Limited-Use or a Post-Deductible Medical Flexible Spending Account. (See Definitions)
- If your spouse Flexes for you through a "Full-Use Medical FSA through his/her employer you are not eligible to contribute to your HSA.
- If you are transitioning to a HDHP mid year and you are currently participating in your employer's Medical FSA you are **NOT** eligible to contribute to your Health Savings Account until the end of the Flex Plan Year.
- If your employer chose to implement a grace period (an extended Flex Plan Year) the grace period must also run out, unless your medical FSA account balance is zero, before you can contribute to your HSA.

Once you are no longer covered by the "Full Use" Medical FSA you may begin your HSA contributions.

As of January 1, 2007 a full year's contribution is allowed as long as you are eligible for the HSA in December and remain eligible for the next 12 months.

Proper Coordination of an HSA and FSA

Individuals with a HDHP and HSA may still participate in the employer-sponsored Flex Plan.

You may continue to Flex for your eligible Dependent/Daycare Expense and your Outside Health Insurance expenses.

You may also continue to Flex for some of your medical out-of-pocket expenses through the **Limited-Use Medical FSA** if offered by your employer.



Definitions

- Full-Use Medical FSA:** Reimburses expenses that are medical care under Code section 213(d), including over-the-counter (OTC) as well as prescription drugs.
- Limited-Use Medical FSA:** Reimburses for out-of-pocket expenses related to dental, vision and preventive care.
- Post-Deductible Medical FSA:** Reimburses medical expenses that are incurred after the deductible requirement has been met on the HDHP. See Code Section 223 (c)(2)(A)(i).

What Expenses Can I Flex Through My Limited-Use Medical FSA?

You can Flex for the following out-of-pocket expenses:

- **Dental**
- **Vision**
- **Preventive Care¹**
 - Annual physical
 - Screening Services
 - Routine prenatal and well-child care
 - Child and adult immunizations
 - Tobacco cessation programs
 - Obesity weight loss programs
 - Can apply co-pays to preventive care services
- **You may also Flex for expenses incurred after you have met your minimum annual deductible.**

¹ IRS safe harbor list of preventive care that HDHP can provide as first-dollar coverage before a minimum deductible is met. Check with your health care provider to be certain.