

HSA ACCOUNTHOLDER CHANGE IN STATUS

WE MAKE
THE COMPLEX
SIMPLE

WHAT HAPPENS WITH MY HSA IF I'M NO LONGER EMPLOYED?

If your high deductible health plan (HDHP) coverage ends, your ability to contribute into your health savings account (HSA) will also end unless you elect to continue your HSA-compatible health coverage through COBRA.

Any HSA funds accrued while covered under COBRA are yours and can still be used to pay for qualified medical, dental or vision expenses, COBRA premiums, Medicare premiums and long-term care premiums.

Note that you must satisfy the IRS "testing period." The testing period begins with the moment you are no longer HSA eligible and ends on the last day of the following year (for example, July 1, 2011-December 31, 2012). Failure to remain HSA eligible for the testing period will require you to pro-rate your HSA contribution by dividing the applicable Federal maximum HSA contribution for the year in which you are no longer eligible to contribute to your HSA by the number of months you were eligible to make an HSA contribution. Federal HSA contribution maximums can be found at www.sterlingadministration.com. Any "excess HSA contribution" will be subject to taxes and penalties. You may contact Sterling to return such excess contribution to you if you wish.

DO I NEED TO MOVE MY HSA TO ANOTHER PROVIDER OR BANK?

No, you may continue to manage your HSA account with us even if you are no longer employed. You may want to review your HSA account usage and decide if your current maintenance plan meets your needs. Sterling offers an "a la carte" Value Plan for \$2.50 per month or an "all inclusive" Standard Plan for \$8.75 per month. For additional maintenance plan details, please visit www.sterlingadministration.com. You can change your monthly maintenance plan by logging into your Sterling account and changing plans on the User Profile page. If you aren't registered for online access, contact Sterling customer service at customer.service@sterlingadministration.com or call 800-617-4729 for help changing your plan. All changes are effective the first of the month following the change.

CAN I CONTINUE TO PUT MONEY INTO MY HSA?

If you still meet the three HSA eligibility criteria listed below, you may continue to contribute to your HSA:

- Enrolled in an HSA compatible health plan (through COBRA or otherwise)
- Not on Medicare (A, B or D)
- Not claimed as a tax dependent

Even if you no longer qualify to make HSA contributions, you may still use your HSA funds tax-free for qualified medical, dental or vision expenses, COBRA premiums, Medicare premiums and long term care premiums as defined by IRS Publication 502 Section 213d: <http://www.irs.gov/publications/p502/>. If you choose to withdraw your HSA funds for non-qualified purposes, you will be subject to a 20% penalty (prior to age 65) and will owe taxes on those funds (if contributions have been made pretax). Should you choose to close your Sterling account, a \$20 account closure fee will apply.

For additional assistance please contact Sterling customer service at customer.service@sterlingadministration.com or call 800-617-4729.