

# STERLING HEALTH SAVINGS ACCOUNTS

A health savings account (HSA) is like a medical IRA. Money can be used for medical expenses today or saved for the future. There are many advantages to putting money into health savings accounts, including favorable tax treatment.

YOU CAN USE THE MONEY IN THE HSA ACCOUNT FOR ANY “QUALIFIED MEDICAL EXPENSE” PERMITTED UNDER FEDERAL LAW. THIS INCLUDES MEDICAL, DENTAL AND VISION CARE.



## Who Can Open an HSA?

Any adult can contribute to an HSA if they:

- Have an HSA compatible high deductible health insurance plan.
- Have no other comprehensive health insurance coverage.
- Are not enrolled in Medicare.
- Cannot be claimed as a dependent on someone else's tax return.

Employees and employers can contribute to an HSA. Individuals who are age 55 and older and not on Medicare can also make additional “catch-up” contributions. The IRS sets annual maximum contribution limits.

IRA rollovers into an HSA are also allowed once in a lifetime. The IRA rollover is a “trustee to trustee”

transfer and is limited to the annual maximum contribution amount that is allowed.

## Using Your HSA

You can use the money in the HSA account for any “qualified medical expense” permitted under Federal law. This includes medical, dental and vision care.

Once an individual elects Medicare, contributions must stop. However, the money in the account can be used to pay for medical, dental and vision expenses, tax-free. Some state taxes may apply, so check with your tax advisor. The money may also be used to pay for three types of premiums: Medicare (Parts B, C and D), Long Term Care, and COBRA.

You can use the money in your HSA account to pay for expenses for yourself and your dependents, even if they are not covered under your health insurance plan.

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Any money used to pay for any expenses that are not “qualified medical expenses” is taxable income and subject to a 20% tax penalty. After you turn age 65, the tax penalty no longer applies. If you become disabled, or enroll in Medicare, the account can be used for other purposes without paying the tax penalty as well.

## Advantages of HSAs

**Security:** Your high deductible health plan, combined with an HSA, protects you against high or unexpected medical bills.

**Control:** You make all the decisions on how to use the money in your HSA, how much money to put into the HSA, how to invest the money, and which expenses to pay from your HSA within IRS regulations.

**Affordability:** Your health insurance premiums are often lower by switching to a high deductible health plan.

**Flexibility:** You can use the funds in your HSA for those things that are important to you. You can pay for medical, dental and vision expense and a wide range of services allowed by the IRS.

**Savings:** You can save the money in your account for expenses today or grow your balance through contributions and investment earnings, all tax advantaged on a Federal level.

**Portability:** Accounts are completely portable, meaning you take the HSA with you if you leave your

employer, change medical coverage, become unemployed, move to another state, or change your marital status.

**Ownership:** Funds in your HSA remain in the account from year to year, just like an IRA. No “use it or lose it” rules apply.

**Tax Savings:** An HSA provides you with triple tax savings; tax deductions when you contribute, tax free earnings on investments, and tax free withdrawals for qualified medical expenses. Some state taxes may apply.

## What Happens to My HSA When I Die?

If your spouse is the beneficiary, your spouse can use the HSA as if it were his or her own. If the beneficiary is a non-spouse, the account will no longer be treated as an HSA upon your death. The account will pass to the beneficiary or your estate and be subject to applicable taxes.

## Opening Your HSA

Opening your HSA with Sterling is simple and only requires a completed application, with original signature, and funds to open the account. Online enrollment at [www.SterlingAdministration.com](http://www.SterlingAdministration.com) is easy and secure. If you prefer, paper forms can also be downloaded from our website.

There are two monthly HSA maintenance plans to choose from: The Standard Plan and the Value Plan. The Standard Plan is all inclusive. The Value Plan is not bundled and transaction charges do apply. You can find the entire plan descriptions on our website, along with much more information on HSAs.



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## Why Sterling HSA?

Clients come to Sterling not only for our expertise on HSAs but also because of our deep experience and knowledge about healthcare benefits and financing. They stay because we provide a simple, reliable and personal approach to paying for healthcare while saving for the future. We are committed to Sterling service. Just to prove it we offer a money back guarantee.

We offer a full array of services, including:

**Education** about HSAs and assistance with account set up.

**Review of insurance carrier Explanation of Benefits (EOBs) and payment of medical bills** to insure you never pay too much. Our clients have saved thousands of dollars in healthcare expenses with this service. After a review of bills, we pay the provider of care directly on your behalf or reimburse you if you have already paid.

**Carrier integration** makes it easy for accountholders to connect EOBs with HSA accounts.

**Self-directed investing is allowed** and Sterling also pays interest on funds in your Sterling managed account.

**Debit cards** for convenience and ease of payment.

**Quarterly account statements and tax reporting** are provided for accountholders and employers.

**Employer specific reports** on contributions and aggregate balances.

**Compliance management** to make sure your benefits plans are fully compliant with industry and IRS regulations.

**Sophisticated and integrated online** enrollment, account management, and reporting tools for all products, including a mobile website.

**¿Se Habla Español?** Sterling offers a culturally relevant Spanish website, collateral, forms, welcome materials, and bi-lingual customer service representatives.

**Money back guarantee** if for any reason our accountholders are displeased with our services. We will refund up to one years' paid monthly maintenance fees.

**People** across the company who understand the health benefits industry because they've been in the business for over 100 years (combined, that is). Sterling has been in business since 2004 and is successful in part because of a culture that puts people first – employees, clients and partners. It's truly a family affair that our clients are pleased to join.

## Contact Us:

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