

Take charge of your health, your savings and your future

Investing in your HSA

Kellogg Community College

Together we'll go far



What is an HSA?

- An account that you own to pay for qualified medical expenses
 - Contribute to your account through payroll deductions, employer contributions, payment directly to the account, and once-in-lifetime IRA transfers
 - Contributions, earnings, and disbursements from the account are all tax-free. (For qualified medical expenses)
- Your balance plus investment earnings carry over year to year



Eligibility

You are not eligible to elect an HSA if you are:

- Enrolled in health insurance other than an HSA-compatible health plan
- Enrolled in Medicare or Tri-care
- Eligible to be claimed as a dependent on someone else's tax return

HSA advantages

- You control how you spend the money in your account
 - Use it for qualified medical expenses today
 - Save it for the future
- You keep the money in your account, even if
 - You change healthcare coverage
 - You change jobs

Increase your buying power

Your HSA Contribution	Tax savings from your HSA contribution *	Increased Buying Power
\$500	\$125	\$625
\$1,000	\$250	\$1,250
\$2,000	\$500	\$2,500

This example is for illustrative purposes only. Tax consequences may differ based on individual circumstances. Please consult your tax advisor regarding your individual situation. This chart assumes all distributions are used for qualified medical expenses.

*Estimated federal tax savings of 25% based on 2011 tax table for a single taxpayer with income of \$40,000. For more information, go to www.ustreas.gov and click on "Health Savings Accounts (HSAs)." Please consult your tax advisor.



Triple tax savings*

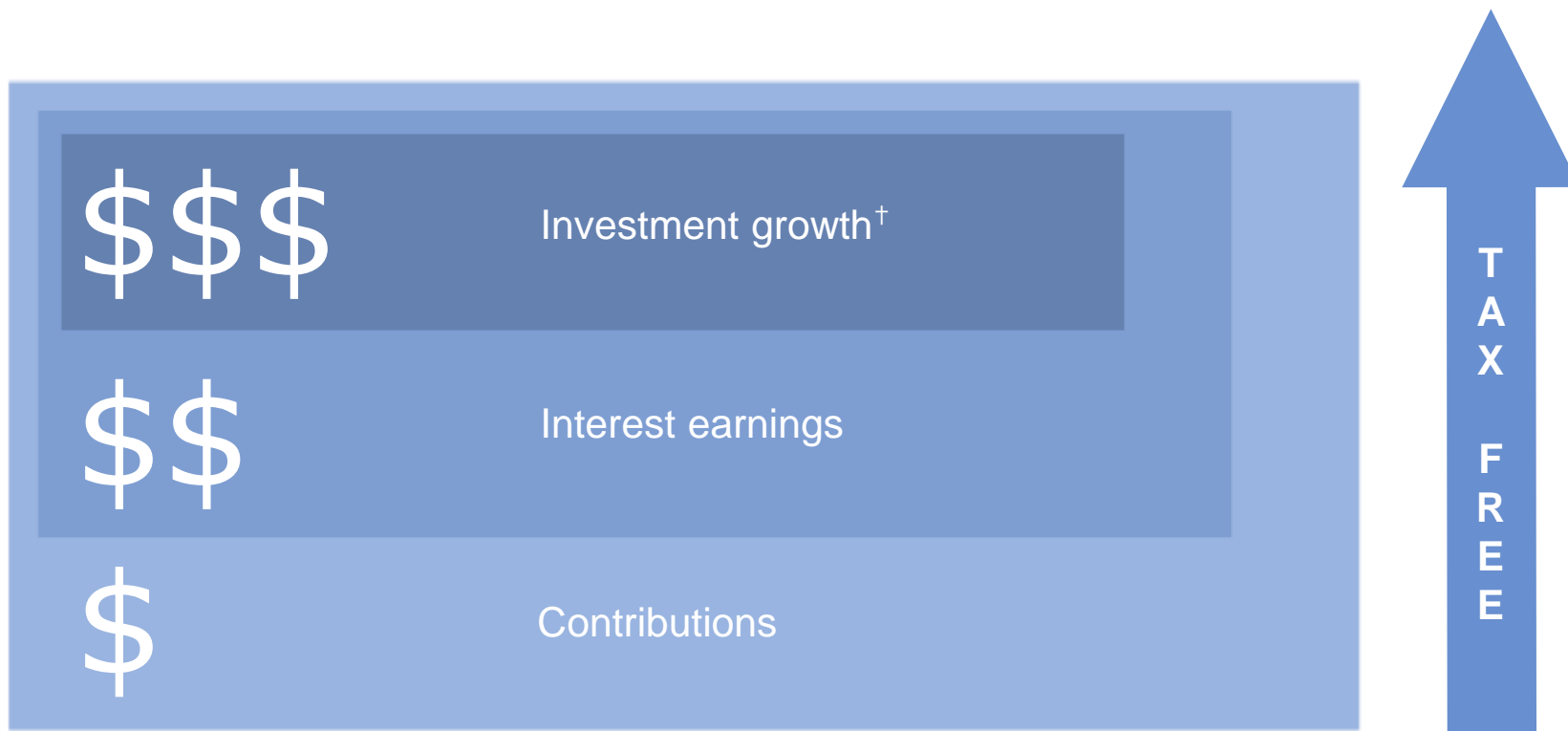
Increase your spending and savings power

- Pay for qualified medical expenses tax free
- Interest and investment earnings are tax free
- Contributions are pre-tax or tax deductible

* All taxes are at the federal level. State taxes vary.
Please consult a tax advisor.

HSA balances can grow annually

HSA balances can grow tax-free year after year.*



* Tax free at the federal level. State taxes vary. Please consult a tax advisor.

† INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

HSA's are a smart retirement tool

- Only HSAs allow tax-free withdrawals at any time or age to pay for medical expenses
 - For some, it may make sense to max out HSA contributions first before maxing out a 401(k) or contributing to an IRA*

*Individual circumstances vary. Tax and Financial Planning advisors should be consulted.

Are healthcare costs in retirement the next big crisis?

Increasing life expectancy

- A male living to age 65 is expected to live another 17 years*
- A female living to age 65 is expected to live another 20 years*

* Per National Center for Health Statistics website <http://www.cdc.gov/nchs/data/hus/hus07.pdf#027>

Retiree health expenses skyrocketing

- Estimates range from **\$225,000** (*Fidelity March 2008*) to **\$295,000** (*Employee Benefit Research Institute 2006*) for medical costs during 20 years of retirement
- These figures don't include over-the-counter medications, dental, or long-term care
- Medicare does not cover long-term care or all medical expenses – Medicare covers only about half of retiree health payments (*EBRI*)
- Employees should use all potential saving tools – 401(k) plans, IRAs and **Health Savings Accounts**

How much can you contribute?

	Tax Year 2012
HSA Annual Contribution Limits	Single - \$3,100 Family - \$6,250
HSA Catch-Up Contribution	\$1,000 per individual age 55 & over

HSA-qualified medical expenses

- Medical deductibles, co-insurance, copays
- Vision Expenses
- Dental treatment
 - x-rays, fillings, extractions, etc.
- Contact lenses
 - including saline solution and cleaner
- Medicines or drugs
 - including OTC medicines with a prescription
- Long-term care premiums
- Medicare premiums and out-of-pocket expenses
- Part A Deductible
- Part B premiums and co-insurance
- Part D prescription drug premiums and co-insurance

Paying for expenses

- A Visa[®] HSA Debit Card for immediate payment at pharmacies and doctors' offices
- Disbursement processing via mail or fax
 - Substantiation of claims is not required



Web tools - Summary

- The Wells Fargo Health Account Manager web portal provides all the tools you need to:
 - Make a one-time contribution to your HSA
 - Schedule recurring contributions to your HSA
 - Set up a Direct Deposit Account for quick reimbursement when you can't use your debit card
 - View online tutorials and educational materials to help you make the most of your HSA
 - Download forms
 - View detailed account activity, including:
 - debit card transactions and disbursements
 - interest and/or investment earnings
 - access to your investment transactions
 - www.WellsFargo.com/hsa



Health Account Manager Portal

- Make an HSA contribution
(current year or prior year*)
- View detailed debit card transactions
- Access HSA investments
- Turn on/off auto-transfers to HSA investments

* Prior year contributions can only be made between January 1 and April 15 (or tax day) of any given year.

Health Account Manager Portal

- Make an online distribution to another Wells Fargo bank account
- Access online HSA tutorials and educational materials
- Access monthly statements and notices
- Order Wells Fargo Visa[®] debit card for dependents
- Change statement delivery options
- Update personal information
- Access HSA tax documents

HSA deposit account / Mutual Fund Investments

- Cash in the deposit account component of the HSA is insured by the Federal Deposit Insurance Corporation (FDIC).
- Can earn interest on the deposit account component of the HSA. Interest rates are subject to change and current rates are posted at **www.wellsfargo.com/hsa**.
- Option to direct contributions to any of our available mutual funds when deposit account balance reaches \$2,000*
- Call (866) 884.7374 and talk to a Customer Service Representative

* INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

13 Investment Options

<i>Wells Fargo Advantage Funds</i> [®]	Ticker Symbol
Government Money Market	WFGXX
Cash Investment Money Market	NWIXX
Total Return Bond	MNTRX
Target Today Fund	WFLOX
Conservative Allocation	NVCBX
Target 2010 Fund	WFLGX
Moderate Balanced	NVMBX
Target 2020 Fund	WFLPX
Growth Balanced	NVGBX
Target 2030 Fund	WFLIX
Target 2040 Fund	WFLWX
Target 2050 Fund	WFQDX
Diversified Equity	NVDEX

Most conservative



Most aggressive

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Wells Fargo accountholder statements

- Accountholders will receive monthly statements
 - ◆ Account Balance
 - ◆ Investment Information
 - ◆ Earnings
- **Form 1099-SA** lists distributions from your HSA and is mailed to your home in January for income tax reporting purposes
- **Form 5498-SA** lists contributions to your HSA and is sent to your home in May (record of contributions up to April 15th)

Note: Account access also available online anytime with information updated at the close of each business day, excluding weekends and holidays.

What you receive with your new Wells Fargo HSA

- You will receive a confirmation letter mailed to your home, including:
 - Web site information
 - Toll-free customer service number



Your Visa HSA Debit Card will arrive separately

- Activate the card before you use it.
- For your security, your PIN will be mailed separately.



Sample of the envelope the HSA Visa Debit card comes in.

For more information

- If you have additional questions about HSAs
 - Go to our Web site:
www.wellsfargo.com/hsa
 - Call customer service
866.884.7374
7 a.m. – 8 p.m. CST
Monday – Friday
 - See your plant HR Representative



Questions?