



# Employee Information Kit

**Paying for healthcare just became easier.**

Welcome! Thank you for choosing the First Horizon Health Savings Account (HSA). The First Horizon HSA is an individually-owned account that can help you more effectively save and pay for medical expenses. This guide is designed to answer some basic questions you may have about the First Horizon HSA program.

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## HSA Basics for Employees

### **What is a Health Savings Account?**

A Health Savings Account (HSA) is a tax-favored account that allows you to set aside funds to save and pay for qualified medical expenses incurred by you, your spouse, and any of your qualified dependents. HSA contributions can be made by employees and/or employers. The HSA takes the form of a tax-exempt trust or custodial account.

HSAs are different from other types of account-based plans you might already be familiar with. The most important difference is that HSAs are individually-owned accounts. That means that each account holder will have his or her own account/account number, and will receive personalized monthly statements. It also means that as account holder, you must be the one to contact First Horizon Msaver with any questions or concerns pertaining to your personal account.

### **How do I use my HSA to pay for medical expenses?**

It's easy to use your HSA. Funds can be accessed at any participating ATM with your HSA debit card, or you can pay for qualified medical expenses directly with your debit card at the point of sale. If you have already paid for expenses out of your own pocket you can reimburse yourself by withdrawing funds from an ATM.

No matter how you access the funds in your HSA, be sure to retain copies of all receipts as proof that funds were used to pay for qualified medical expenses.

### **How do I know what is considered a “qualified medical expense”?**

In general, to be considered qualified, the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness. Included on Page 8 of this kit is a partial list of qualified medical expenses. A more comprehensive list is available on the IRS Web site ([www.irs.gov](http://www.irs.gov)), Publication 502.

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## HSA Basics for Employees (cont.)

### **What happens if I accidentally use my HSA funds to pay for a non-qualified expense?**

If funds in the account are used to pay for non-qualified expenses, you will need to claim the amount as income on your tax return, and you will be subject to a 10% penalty if you are under age 65. However, you can avoid taxes and potential penalties if the funds are repaid by April 15 of the year following the year when the distribution took place.

### **Can I use my HSA to pay for medical expenses incurred before I established my HSA?**

No. You cannot use HSA funds to pay for medical expenses incurred before your account was established. It is recommended that you establish your HSA as close as possible to the effective date of your HSA-qualified health plan.

### **How can I reimburse myself for qualified medical expenses I paid for using non-HSA funds?**

As long as the expenses were incurred after the date your HSA was established, you can reimburse yourself by withdrawing the funds directly from your account at any participating ATM.

### **Is there a deadline for reimbursing myself for qualified medical expenses I paid for using non-HSA funds?**

No. HSA funds can be used to reimburse expenses incurred in prior years as long as they were incurred on or after the date the HSA was established.

### **Can I have an HSA and a Flexible Spending Account (FSA)?**

Yes, but only if the FSA is set up as a limited-purpose FSA (typically used to pay for dental and vision expenses).

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## HSA Basics for Employees (cont.)

### **Who is responsible for tracking expenses paid for from my HSA?**

First Horizon Bank tracks the total dollar amount distributed from your HSA and provides that information to both you and the IRS in form 1099-SA, which you will receive each year before January 31. You should retain copies of all your receipts as proof that funds were used to pay for qualified medical expenses. You are responsible to the IRS for all HSA distributions.

### **What happens to the funds in my HSA at the end of the year?**

The funds in your HSA roll over and continue to grow from year to year. You can continue to make the full HSA contribution each year provided all eligibility requirements are met.

### **Can I transfer my MSA or HSA from another financial institution to First Horizon Msaver?**

Yes. For more information about transfers and rollovers, please refer to Page 7 of this kit.

### **What happens to my HSA if I am no longer covered under an HSA-qualified health plan?**

You can continue to use the funds in your HSA to pay for qualified medical expenses. However, you cannot make additional contributions to the account if you are no longer covered under an HSA-qualified health plan.

### **What tax forms will I receive regarding my HSA?**

You will receive a 1099-SA statement each year before January 31, reporting total distributions made from your HSA during the previous calendar year. You will also receive a 5498-SA statement each year after April 15, reporting total contributions made to your HSA during the previous year.

First Horizon Bank also sends a copy of these forms to the IRS. You can keep the copies you receive for your records. Please review these forms for accuracy and notify First Horizon Msaver immediately if there is an error.

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## HSA Contributions

### How do I make contributions to my HSA?

- **Send contributions by mail**—Mail your contributions to First Horizon Msaver using a Mail-in Contribution Form (available online at [www.firsthorizonmsaver.com](http://www.firsthorizonmsaver.com)).
- **Make automatic monthly contributions**—Arrange to have funds transferred automatically from your personal checking account to your HSA on a specific day each month. You can set up automatic deposits when you use online enrollment to open your HSA, or you can set them up at any time by completing an ACH authorization form (visit [www.firsthorizonmsaver.com](http://www.firsthorizonmsaver.com) to obtain a copy of this form).
- **Make contributions via payroll deduction**—If you are part of an employer group, ask your employer about making contributions via payroll deduction.

### How much can I contribute to my HSA this year?

Contribution limits for the 2009 and 2010 tax years are as follows:

- **Individuals with self-only coverage**—\$3,000 in 2009 and \$3,050 in 2010\*
- **Individuals with family coverage**—\$5,950 in 2009 and \$6,150 in 2010\*

\*Account holders who are HSA-eligible for only part of the year can still make the full, tax-deductible contribution for that year. However, they must remain HSA-eligible for at least twelve months after benefiting from this special rule in order to avoid potential taxes and penalties.

Individuals age 55 and older can also make an additional catch-up contribution each year. Limits on catch-up contributions are as follows:

- **2009 and after**—\$1,000

### What is the latest date I can make a contribution to my HSA?

You have until April 15 of the following year to make contributions for the current tax year. The contribution must be credited to the account by April 15. All deposits are credited as current year contributions unless otherwise noted. You may indicate the type of contribution, current or prior year, on the Mail-in Contribution Form that accompanies your check.

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## Account Maintenance

### **Can I access my HSA online?**

Yes. The Welcome Kit you received after enrollment contains a Web link that you can use to set up online account access. Once you have set up online account access, you will be able to take advantage of a variety of features that make it easy to manage your HSA, including:

- Free Banking Online
- Free Bill Pay Online
- Secure, 24/7 access to balance information, account statements and more

For assistance in setting up online account access, call First Horizon Msaver at **866-889-8583**.

### **Will I receive a monthly HSA statement?**

Yes. As account holder, you will receive monthly statements for your HSA similar to a regular checking account. These statements will show the average account balance, closing balance, and any credits or debits made to or from the account.

### **Can I add another individual to my HSA?**

HSAs are always individually-owned accounts, but you can designate an authorized signer on your HSA. This authorization gives the signer access to your HSA funds via your HSA Visa® debit card. Please contact First Horizon Msaver for details.

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## Transfers and Rollovers

### **HSA-to-HSA Transfer from another Financial Institution to First Horizon Msaver**

Start taking advantage of the many features and benefits of a First Horizon HSA—transferring your account is easy, and we will work with you to facilitate the process.

- **Step 1**—Complete the transfer form (available online at [www.firsthorizonmsaver.com](http://www.firsthorizonmsaver.com)).
- **Step 2**—Send the completed transfer form by fax or mail to First Horizon Msaver.
- **Step 3**—That's it! Once First Horizon Msaver receives the completed transfer form, we will work directly with the transferring institution to have funds sent to us and deposited into your First Horizon HSA. After you submit your transfer request, you should refrain from using your old HSA account until the funds have been transferred to your First Horizon HSA.

Please note that from a tax standpoint, this type of HSA-to-HSA transfer made directly between the two custodians is a non-reportable event.

### **HSA-to-HSA Rollover from another Financial Institution to First Horizon Msaver**

You can also move HSA funds from another financial institution to First Horizon Msaver by completing an HSA-to-HSA rollover. An HSA-to-HSA rollover is different from an HSA-to-HSA transfer in that the account holder takes receipt of HSA funds and sends them to the new HSA custodian (instead of having funds go directly between the two financial institutions).

To initiate an HSA rollover, simply request funds from your current HSA custodian or write a check from your current account and mail the funds/check to First Horizon Msaver along with a completed rollover form (available online at [www.firsthorizonmsaver.com](http://www.firsthorizonmsaver.com)). The funds will then be deposited into your First Horizon HSA and reported as a rollover. If you wish to close your old HSA account, you will need to contact your current HSA custodian.

Please note that unlike HSA-to-HSA transfers, HSA-to-HSA rollovers are tax reportable events, and only one rollover is allowed per 12-month period. First Horizon Msaver will report the rollover on the tax forms submitted to the IRS.

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## HSA Qualified Medical Expenses

The following is a partial list of items considered qualified medical expenses for HSA reimbursement. This list is not comprehensive, and is intended only to serve as a reference. For more comprehensive information, please refer to IRS Publication 502, “Medical and Dental Expenses”, available on the IRS Web site ([www.irs.gov](http://www.irs.gov)).

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Artificial teeth
- Birth control pills (by prescription)
- Chiropractors
- Christian Science practitioners
- Contact lenses
- Crutches
- Dental treatment
- Dermatologist
- Drug addiction treatment (inpatient)
- Drugs (prescription)
- Eyeglasses
- Guide dog
- Gynecologist
- Hearing aids
- Hospital services
- Laboratory fees
- Lead-base paint removal
- Life-care fees
- Lodging (for outpatient treatment)
- Nursing care
- Optician
- Organ transplant (including donor expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and equipment
- Pediatrician
- Physician
- Podiatrist
- Post-natal treatments
- Prenatal care
- Prescription medicines
- Psychiatrist
- Radium treatment
- Specialists
- Spinal tests
- Splints
- Sterilization
- Surgeon
- Phone/TV (hearing impaired)
- Therapy
- Vaccines
- Vasectomy
- Vision
- Vitamins (prescribed)
- Wheelchair
- X-rays

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## First Horizon Msaver Contact Information

If you have any questions or concerns, please feel free to contact us.

### **Customer Care Center Toll-Free Number:**

866-889-8583

### **Fax:**

913-451-2079

### **Customer Service Email Address:**

Msaver@ftb.com

### **Mailing Address:**

First Horizon Msaver  
P.O. Box 26106  
Shawnee Mission, KS 66225

### **Overnight Delivery Address:**

First Horizon Msaver  
7400 West 110th Street, Suite 520  
Overland Park, KS 66210

You can also visit us online at [www.firsthorizonmsaver.com](http://www.firsthorizonmsaver.com).

