

Health Savings Accounts



**Offering You Greater Control Over
Your Health Care Dollars**



**NAUGATUCK
SAVINGS BANK**

Experience the Difference



With a Naugatuck Savings Bank HSA, managing your health care dollars couldn't be easier.

Naugatuck Savings Bank Health Savings Account

Our Naugatuck Savings Bank Health Savings Account is an interest-bearing account loaded with features to help you manage your health care dollars. Our tiered rate structure increases the interest rate your funds earn automatically as your balance increases.

Other great features include:

- Free personalized checks
- Free VISA® HSA Debit Card
- Free Online Banking and Bill Pay
- Free Bank-by-Phone
- Free comprehensive monthly statement with a free eStatement option

Our HSA Account has:

- No set-up fees
- No transaction fees
- No monthly fees
- No annual fees

Most importantly, this special Health Savings Account will provide you with peace of mind, knowing that your medical expenses will be recorded on one statement. In the event of an IRS audit your monthly statements provide the images of cancelled checks along with a

detailed transaction history that includes debit card and online bill payments.

Easy to Open – It's easy to open a Health Savings Account at Naugatuck Savings Bank. Simply stop by your nearest branch and we will be happy to open your account.

Deposits to your HSA account couldn't be simpler – You can make deposits in person at any Naugatuck Savings Bank branch, by payroll direct deposit, or automatic transfer from another Naugatuck Savings Bank deposit account. Your employer may also make deposits to your HSA on your behalf as part of your employee benefits program.

Are all HSA Accounts alike?

Many banks offer HSA accounts, but the fees, interest rates and features vary from bank to bank. Before opening your HSA account, talk to a Naugatuck Savings Bank representative about the benefits of a Naugatuck Savings Bank HSA account. Compare fees, ease-of-use, and interest rates and we're sure that you'll choose Naugatuck Savings Bank for your Health Savings Account. Come in and experience the difference.



What is an HSA?

- An HSA is a special tax-advantaged savings account designed to cover current and future medical expenses for individuals and families covered by a high deductible health plan (HDHP). The account owner (the person who establishes the account) owns the HSA and makes decisions regarding contributions and distributions, allowing more control over how his or her health care dollars are spent. What's more, unspent dollars may accumulate year after year.
- HSAs are available to individuals covered by a High Deductible Health Plan (HDHP) regardless of whether the person is self-employed or employed by a small employer and regardless of whether their employer maintains the HDHP.
- Employer contributions to an HSA reduce what an individual can contribute, but they do not eliminate an individual's ability to contribute.

The law allows MSA (Medical Savings Account) assets to be rolled over to HSAs, which is one way a current MSA account holder can immediately take advantage of more favorable HSA rules.

What are an HSA's Benefits?

HSAs can provide significant tax benefits to eligible individuals. Not only can HSAs provide tax benefits related to paying qualified medical expenses, they may also provide benefits similar to many tax-favored retirement plans. A summary of HSA tax advantages include:

Tax Benefits

- HSA contributions, by employer or employee, are excluded from income.
- HSA earnings are tax deferred.
- HSA assets are never taxed if used for qualified medical expenses.
- Unused HSA assets may be used for retirement, however, they will be subject to a 20 percent penalty until the HSA account owner turns age 65, and if not used for medical expenses, they will be subject to income taxes.
- Upon death, HSA assets become the property of a named death beneficiary, or of the HSA account owner's estate. A spouse may treat the assets as his or her own HSA, while non-spouse death beneficiaries must treat such assets as ordinary taxable income.

What are Qualified Medical Expenses?

In order for HSA assets to retain their tax-free status, they may only be withdrawn and used for qualified medical expenses.

Some qualified medical expenses include:

- actual medical expenses, including doctor visits, prescriptions, transportation to get medical care, and dental care,
- long-term care insurance,
- healthcare coverage when unemployed,
- certain continuation-of-benefit healthcare coverage, and
- certain health insurance after age 65.

Nonqualified uses of HSA assets are subject to taxation and a 20 percent penalty unless the HSA account owner is age 65 or older, dies, or is disabled.

Who is eligible to participate?

You are an eligible individual for any month if:

- you are covered under a High Deductible Health Plan on the first day of such month;
- are not also covered by any other health plan that is not a High Deductible Health Plan (with limited exceptions);
- are not enrolled for benefits under Medicare (generally not yet age 65); and
- are not able to be claimed as a dependent on another person's tax return.

What is considered a High Deductible Health Plan?

A High Deductible Health Plan is an insurance policy that meets certain dollar limits as shown in the following table.

2012 High Deductible Health Plan Limits

	Self Only	Family
Annual Deductible	\$1,200 or more	\$2,400 or more
Annual Deductible plus out-of-pocket expenses cannot exceed...	\$6,050	\$12,100

What are the HSA Contribution Rules?

The total amount you or your employer may contribute to an HSA for any taxable year is dependent upon whether you have individual or family coverage under a High Deductible Health Plan as shown in the table below.

2012 Health Savings Account Contribution Limits*

	Self Only	Family
Annual Contribution Limit	\$3,100	\$6,250

**High Deductible Health Plan and contribution limitations are revised each year to reflect cost-of-living increases.*

Questions?
Call 203.729.4442
or toll free at
877.729.4442



In addition to the standard HSA contribution limits shown in the previous table, if you have attained age 55 before the close of a taxable year, you may also contribute an additional amount known as a “catch-up” contribution. The catch-up contribution limit is \$1,000 for 2012 and all years going forward as shown in the table below.

Health Savings Account Catch-up Contribution Limits

Taxable Year	2012 or more
Maximum Catch-Up	\$1,000

Do HSAs require reporting?

HSAs require the following government reporting:

- HSA holders must report all contributions and distributions on their individual income tax returns.
- Employer contributions are reported on a business tax return, as well as on the W-2 form of any employee receiving an employer contribution.

All contributions and distributions from an HSA account are also reported by the custodian or trustee where the HSA is held.

What if I have questions about Health Savings Accounts?

Please call the Contact Center at **203.729.4442** or toll free at **877.729.4442**, or stop by any of our convenient branch offices.

This brochure is for informational use only. Please consult your tax advisor as to how these provisions will apply to you.