

# Casco Federal Credit Union Now Offers Health Savings Accounts!

## What is a Health Savings Account?

An HSA is an account that you can deposit money into in order to save for future medical expenses. The account works similarly to our share draft accounts as the funds are accessible by using your HSA Visa Debit Card, writing a check or in person at one of our branches. As always there are no monthly service fees, no minimum balance requirements and dividends are paid monthly.

## Who Can Have an HSA? Any adult can contribute to an HSA if they:

- Have coverage under an HSA-qualified "high deductible health plan" (HDHP)
- Have no other medical coverage (other types of insurance, like specific injury or accident insurance, disability, dental care, vision care, or long-term care insurance are permitted)
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

## Who Can Contribute to an HSA?

Contributions to the account may be made by you, your employer or both. Employee contributions may be made in person or through direct deposit. For 2009, the maximum annual HSA contribution for an eligible individual with self-only coverage is \$3,000. For family coverage, the maximum annual contribution is \$5,950. Individuals who are 55 or older may make catch up contributions of up to \$1,000 over the standard limit.

## Using Your HSA

The funds in your account may be used to pay for medical expenses of yourself, your spouse, or your dependent children. You are able to pay for expenses of your spouse and dependent children even if they are not covered by your HDHP. Any amounts used for purposes other than qualified medical expenses are taxable as income and subject to an additional 10% tax penalty.

## Advantages of HSA's

- **Security**- Your high deductible insurance and HSA protect you against high or unexpected medical bills.
- **Flexibility**- You can use the funds in your account to pay for current medical expenses, including expenses that your insurance will not cover, or save the money in your account for future needs, such as:
  - Health insurance or medical expenses if unemployed
  - Medical expenses after retirement (before Medicare)
  - Out-of-Pocket expenses once you are covered by Medicare
  - Long-term care expenses and insurance.
- **Control**- You make all the decisions about
  - How much money to put into the account
  - Whether to use the account to pay for current medical expenses or save for future expenses
  - Which medical expenses to pay from the account
- **Ownership**- Any unused funds in the account are rolled over each year. You do not have to use the funds by a certain date. Once age 65, the 10% additional tax penalty no longer applies. If you become disabled and/or enroll in Medicare, the account can be used for other purposes without paying the 10% penalty.
- **Tax Savings**- An HSA provides you triple tax savings:
  1. Tax deductions when you contribute to your account
  2. Tax-free withdrawals for qualified medical expenses
  3. Earnings may be withdrawn tax-free

For more information on Health Savings Accounts, call us at 207-839-5588 or stop by one of our branches in Gorham, Westbrook or West Gorham!