



# HSA Fundamentals Health Savings Account Disclosure Statement and Adoption Agreement

**ASSURANT**  
Health

## HSA Fundamentals Disclosure Statement

### HEALTH SAVINGS ACCOUNT\*

A Health Savings Account (HSA) such as HSA Fundamentals from Assurant Health is an excellent way to help fund medical expenses. The tax-favored treatment of HSAs was established under the 2003 Medicare legislation. The law authorizes both individuals and employers to use tax-advantaged HSAs in conjunction with high deductible health insurance plans.

### ELIGIBILITY\*

To be eligible for HSA Fundamentals,

- you must either have an existing Time Insurance Company Individual Medical high deductible health plan or be applying for one in conjunction with HSA Fundamentals; and
- you must not be covered by another health insurance plan (other than a plan providing certain limited types of coverage such as accident and scheduled benefit plans).

### HIGH DEDUCTIBLE HEALTH INSURANCE PLANS

A high deductible health insurance plan is a health plan with:

- An annual deductible of at least \$1,150 for an individual, and \$2,300 for a family.
- A total maximum network out-of-pocket (OOP) of no more than \$5,800 for an individual and \$11,600 for a family.

HSA deductibles, out-of-pocket maximums and annual contributions will change each year to comply with applicable law.

### TAX DEDUCTIONS\*

Contributions to an HSA are tax deductible up to certain limits. The deduction limit for individual coverage is \$3,000. The deduction limit for family coverage is \$5,950.

In addition, if you are age 55 or older, you may make an additional deductible contribution of up to \$1,000 per person to your HSA.

If your high deductible policy begins after January, you may contribute up to the deduction limit for the year as long as:

- You had qualifying medical coverage before December *and*
- You remain under qualifying medical coverage through December of the following year.

Otherwise, only a pro rata portion of the maximum may be contributed and deducted.

Self-employed individuals can deduct 100% of their health insurance premiums. Please consult your tax advisor for further information.

### WITHDRAWALS

The money in the HSA accumulates on a tax-deferred basis. Withdrawals for qualified medical expenses are not taxable. Withdrawals for reasons other than qualified medical expenses prior to age 65 are taxable and subject to a 10% penalty. Upon death, disability, age 65 or upon Medicare eligibility, funds can be withdrawn for non-medical reasons without penalty, but the distributions will be subject to income taxes.

### ROLLOVERS

You are permitted to roll over funds from a Medical Savings Account (MSA) to your HSA on a tax-free basis.

*\*Assurant Health and its legal entities are not engaged in rendering tax advice. Please contact a qualified tax professional for tax advice. References are to federal tax laws. State tax laws may differ. Federal and state tax laws are subject to change. Plan options vary by state.*

## **ACCOUNT HOLDER RESPONSIBILITIES**

It is up to each individual account holder to make sure that contributions to the HSA do not go beyond the maximum limits. It is also the account holder's responsibility to make sure that his/her withdrawals are for qualified medical expenses to meet tax deductibility requirements. These expenses are defined in Section 213(d) of the Internal Revenue Code. We will allow the account holder to withdraw funds for any reason.

## **CLAIM TREATMENT**

At the time of HSA enrollment, the account holder chooses whether he/she will pay for claims with out-of-pocket funds and thus maintain a higher HSA balance or have Time Insurance Company reimburse claims automatically to the account holder from the HSA.

- If the account holder chooses to pay for medical expenses with his/her out-of-pocket funds, and expenses accumulate to a point where he/she no longer wants to use out-of-pocket funds, he/she simply submits a written request for HSA fund disbursement.
- The account holder can elect to change from automatic HSA disbursement to out-of-pocket payments and vice versa at any time as long as he/she submits a written request.
- If claims are to be paid from HSA funds, the claims can be submitted by either the account holder or his/her medical providers.

If a claim is submitted by the provider and applied to the Time Insurance Company plan deductible, the account holder and provider will be notified. Claims applied to the plan deductible will then be referred for HSA payment. If sufficient HSA funds are available, payment will be made directly to the account holder.

If the account holder requests disbursement from the HSA, disbursements of \$100 or more will be issued on a monthly basis. Checks will be issued quarterly for requests totaling less than \$100 but at least \$10. A claim total of less than \$10 will be addressed at year end.

## **INTEREST**

The HSA Fundamentals custodial account earns interest at the annual rate of 3% on any portion of the account balance that is equal to or above \$5,000. Any portion of the balance that is less than \$5,000 but at least \$750 will earn interest at the rate of 2%. Interest is compounded monthly. We reserve the right to alter the minimum account balance requirements and the interest rates we pay. No interest is paid on funds up to \$749.99, regardless of account balance.

## **ADMINISTRATIVE FEES**

We may charge a fee for administering your HSA. Currently, there is no administration fee, but we reserve the right to impose a fee schedule in the future.

## **REPORTING**

We provide a detailed statement with each disbursement. A quarterly statement will provide a summary of account contributions and disbursements for each individual HSA.

We also will send required forms annually to the IRS and the account holder.

## **INTERNAL LIMITS AND POLICY MAXIMUMS**

As outlined in the policy forms, internal policy limits, such as restrictions on the amounts reimbursable for transplants and the policy lifetime maximums, apply to policies issued in conjunction with HSAs.

**Adoption Agreement is on the next page.**

Assurant Health HSA Fundamentals  
**HSA CUSTODIAL ACCOUNT ADOPTION AGREEMENT**  
(Under Section 223 of the Internal Revenue Code)

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The Depositor whose name appears on the HSA application is establishing a health savings account under the Internal Revenue Code Section 223 to provide for his or her uninsured medical expenses.

Depositor acknowledges receipt of the accompanying Disclosure Statement.

The Depositor and Time Insurance Company (the "Custodian") make the following agreement.

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**Article 1**

The Custodian may accept cash contributions on behalf of the Depositor for a tax year of the Depositor. Contributions may not exceed \$3,000 (for single coverage) or \$5,950 (for family coverage) for any year, unless those dollar limits are increased as permitted by law or the terms of the high deductible health plan, or the contribution is a rollover from another HSA or MSA.

**Article II**

The Depositor's interest in the balance in the custodial account is nonforfeitable.

**Article III**

This custodial account shall be invested solely in an obligation of the Custodian to pay the Depositor or at the Depositor's direction the amount deposited plus, subject to minimum balance requirements, interest at rates established annually by the Custodian.

**Article IV**

Distributions will be made at the Depositor's direction. The Depositor acknowledges that withdrawals that are not for qualified medical expenses are taxable and will be subject to penalty taxes in certain circumstances. In the event of death, the account will be distributed to the Depositor's beneficiary. The Custodian may resign at any time upon 60 days' notice to the Depositor and may distribute the then balance to the Depositor in full satisfaction of its obligation hereunder. The Custodian shall resign if the Depositor is no longer covered by a health insurance policy issued by the Custodian.

**Article V**

The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required by law. The Custodian agrees to submit reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

**Article VI**

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with Internal Revenue Code Section 223 and the related regulations will be invalid.

**Article VII**

This agreement will be amended from time to time to comply with the provisions of the Internal Revenue Code and related regulations. Other amendments may be made with the consent of the Depositor and the Custodian.



Jennifer Kopps-Wagner, Secretary

*This document constitutes notice under the Fair Credit Reporting Act and should be kept with your important papers.*



**HSA DISTRIBUTION AUTHORIZATION**

5) Please check one of the following:

- I authorize Time Insurance Company to automatically pay my medical expenses out of my HSA if the expenses are not eligible to be paid under my high deductible plan.
  
- I request that Time Insurance Company not pay any expenses out of my HSA account unless I submit a written request for disbursement.

**BENEFICIARY DESIGNATION**

6) In case of death, remaining HSA funds should be forwarded to the indicated designee.

Name of Beneficiary \_\_\_\_\_

Social Security Number \_\_\_\_\_

Address \_\_\_\_\_

**SIGNATURE**

7) I have read the information in the attached Disclosure Statement and Adoption Agreement. A copy was given to me for my records. I agree to the terms and conditions of the Adoption Agreement, and affirm that I have been given notice as required by the Fair Credit Reporting Act.

Signature \_\_\_\_\_

Date \_\_\_\_\_