About Health Savings Accounts (HSAs)

About HSAs
What is an HSA?
The Wells Fargo HSA consists of a Federal Deposit Insurance Corporation (FDIC)-insured, interest-bearing deposit account and an investment account. An HSA works in conjunction with an HSA-compatible health plan. You can use your HSA to pay for current and future qualified medical expenses—tax free.

What are the tax benefits associated with an HSA?
The money you contribute to your HSA is tax-deductible and can be used to pay for qualified medical expenses for not only yourself, but also for your spouse and tax dependents. You can maximize your tax savings by contributing up to the maximum annual amount allowed by the Internal Revenue Service (IRS). The maximum amount allowed is $3,050 for single coverage and $6,150 for family coverage. If you are 55 or older, you can make an additional catch-up contribution. The maximum annual catch-up contribution is $1,000. Your HSA balance plus investment earnings carry over from year to year — tax-free. State taxes may still apply, so please consult your tax advisor.

Benefits of a Wells Fargo HSA
Why should I choose the Wells Fargo HSA?
The Wells Fargo HSA is backed by one of the largest and most-recognized financial services companies in the nation — and one of the first banks to offer HSAs. We work with you now and over time to achieve your healthcare savings goals. The Wells Fargo HSA offers the tools and resources you need to manage your account and get the most out of your HSA.

About Health Savings Accounts (HSAs)

Applicant frequently asked questions (FAQs)

Are you considering enrolling in an HSA and want to know more about the benefits of an HSA and how it works? We can help! Check out these helpful FAQs for more information. You can also call Wells Fargo HSA Customer Service at 1-866-884-7374 or visit wellsfargo.com/hsa.

If you are a new Wells Fargo HSA accountholder, check out the Getting started with your HSA FAQs on wellsfargo.com/hsatoolkit for more information.

What are the advantages of the Wells Fargo Visa HSA debit card?
With a swipe of your HSA debit card, you can pay for prescriptions, doctor’s visits, dental expenses, and more. You can use the HSA debit card anywhere Visa debit cards are accepted. You can also use it to make withdrawals at Wells Fargo and Wachovia ATMs.

Who do I call if I have questions about my Wells Fargo HSA?
You can call our dedicated Wells Fargo HSA Customer Service representatives at 1-866-884-7374 to get answers to your questions. Representatives are available Monday through Friday, 7:00 a.m. to 8:00 p.m. Central Time (CT). Our Customer Service representatives can help you get the most out of your HSA.

How do I access my HSA online and manage my account?
The Wells Fargo Health Account Manager portal makes it fast and easy for you to manage your Wells Fargo HSA anytime. It provides all the tools you need to:

• View detailed account activity, including your HSA debit card transactions.
• Maintain your account profile.
• Make a one-time or recurring contribution to your HSA (current or prior year).
• Schedule recurring contributions to your HSA.
• Select automatic transfer to investments. You can turn auto transfer on or off at anytime.
• View online tax documents and monthly statements.
• Use online distributions to make one-time transfers into your Wells Fargo bank account—a great way to reimburse yourself for out-of-pocket expenses.
• View your available balance and investment balance.

Together we’ll go far
What investment options are available in a Wells Fargo HSA?
Wells Fargo offers 13 mutual fund options to accommodate a range of investment objectives.1 When your HSA reaches a minimum balance of $2,000, you have the option to activate the investment account and direct your contributions above $2,000 into these mutual fund options. Visit wellsfargo.com/hsa to learn more about the mutual fund options.

HSA eligibility
Who is eligible to open an HSA?
To open an HSA, you must be enrolled in an HSA-compatible health plan and cannot be covered by a non-HSA compatible health plan. You also cannot be enrolled in Medicare, be a dependent on another person’s tax return, or have received VA medical benefits at any time over the past three months. If you have specific questions about your eligibility for an HSA, ask your benefits administrator or call Customer Service.

What is an HSA-compatible health plan?
An HSA-compatible health plan is a health insurance plan with a minimum deductible of $1,200 for individuals or $2,400 for families. The annual out-of-pocket expenses, which include deductibles and co-pays, cannot exceed $5,950 for individuals or $11,900 for families.4

How do I know if my health insurance plan is HSA-compatible?
Your health insurance company can provide information about whether or not your plan is HSA-compatible. It is your responsibility to make sure you are covered by an HSA-compatible health plan.

What happens to my HSA if I am no longer enrolled in an HSA-compatible health plan?
You will no longer be eligible to contribute to the HSA. However, you will still have access to the HSA, and can use the funds as you choose. Withdrawals for qualified medical expenses will still be tax-free. Additionally, you can roll over your Wells Fargo HSA funds into another HSA at anytime.

What happens if I change jobs or health plans?
HSAs are owned by the individual, so if you change jobs or health plans, you may elect to keep your HSA at Wells Fargo or roll the funds into an HSA at another qualified institution.

How does FSA/HRA participation affect HSA eligibility?
General Flexible Spending Arrangements (FSAs) and Health Reimbursement Arrangements (HRAs) will probably make you ineligible for an HSA. However, if your employer offers a “limited purpose” (limited to dental, vision, or preventive care) or “post-deductible” (pay for medical expenses after the plan deductible is met) FSA or HRA, then you can still be eligible for an HSA. If your employer contributes to an HRA that can only be used when you retire, then you can still be eligible for an HSA. Additionally, you cannot have an HSA if your spouse’s FSA or HRA can pay for any of your medical expenses before your HSA-compatible health plan deductible is met.

Enrolling in the Wells Fargo HSA
How do I enroll in the Wells Fargo HSA?
If your employer offers an HSA-compatible health plan, you will need to enroll in that health plan first. Then you can follow the instructions specific to your employer’s benefits enrollment process to set up your Wells Fargo HSA.5

If you are an individual who would like to enroll in the Wells Fargo HSA, you must first enroll in an HSA-compatible health plan.5 Then, go to wellsfargo.com/hsa and click Enroll Now. There is no online enrollment fee.

What fees apply to a Wells Fargo HSA?
There is a monthly service fee of $4.25 per month, unless otherwise indicated by your employer or insurance carrier. Additional banking fees may apply if you choose to use optional banking services or choose other non-standard services. The monthly service fee will be waived if the combined deposit and investment balance in your HSA on the last day of the month is greater than or equal to $5,000.

Using HSA funds
What are qualified medical expenses?
To help you determine whether an expense qualifies for tax-free reimbursement under your HSA, Internal Revenue Code Section 213(d) states that eligible expenses must be made for “medical care.” This is defined as amounts paid for the “diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body.”

Examples of common qualified medical expenses include:
- Acupuncture
- Ambulance services
- Artificial limb or prosthesis
- Dental treatment
- Contact lenses
- Doctor’s fees
- Hearing aids and hearing aid batteries
- Hospital services
- Laboratory fees
- Prescription medicines or drugs
- Nursing home
- Nursing services
- X-rays
Effective January 1, 2011, expenses for over-the-counter (OTC) drugs will not be eligible for payment or reimbursement from an HSA without a doctor’s prescription. This change is a result of the 2010 healthcare reform legislation. A few examples of OTC medicines that will require a doctor’s prescription for payment or reimbursement from an HSA are:

- Cold, cough and flu medications
- Allergy and sinus medications
- Pain relief medications
- Acid controllers
- Sleep aids and sedatives

Insulin and prescribed drugs will continue to be eligible for payment or reimbursement from an HSA. You should save your receipts and doctor’s prescriptions for OTC medicines for tax purposes.

Qualified medical expenses are eligible for reimbursement through your HSA as long as they are not reimbursed through insurance or other sources. Insurance premiums are generally not considered qualified medical expenses. However, the following types of insurance premiums typically do qualify:

- Continuation coverage under federal law (i.e., COBRA).
- Qualified long-term care insurance contract.
- Any health plan maintained while an individual is receiving unemployment compensation under federal or state law.
- For accountholders age 65 and over (i.e., those eligible for Medicare), premiums for any health insurance (including Medicare and Medicare Part D premiums) other than a Medicare supplemental policy.

As the HSA owner, you are ultimately responsible for determining whether a healthcare expense is eligible for reimbursement from your HSA. Wells Fargo does not determine whether claims qualify for tax-free reimbursement.

For more information about qualified medical expenses, please visit wellsfargo.com/hsa or call Customer Service.

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**Can I use funds from an HSA for non-qualified medical expenses?**

Yes, but you’ll be required to pay income tax and a 10 percent tax penalty on the amount you use for non-qualified medical expenses. (The 10 percent penalty doesn’t apply to distributions made after your death or disability, or after you’ve reached age 65.) The 10 percent tax penalty will increase to 20 percent effective January 1, 2011.

**How do I access funds in my HSA?**

Wells Fargo offers several convenient options for accessing your HSA funds:

- Use your HSA debit card to make purchases at any merchant that accepts Visa debit cards.
- Visit more than 3,000 Wells Fargo stores to make deposits, withdrawals, and transfers.
- Make free withdrawals at more than 12,000 Wells Fargo and Wachovia ATMs nationwide.
- Make withdrawals at any ATM displaying the Visa or Plus® logos worldwide.
- Pay for qualified medical expenses using cash or your personal credit/debit card. Then, reimburse yourself by making a withdrawal from your HSA at an ATM or at a Wells Fargo store using your HSA debit card. You also can still send in a reimbursement request to pay yourself back by check or electronic deposit.
- Use online distributions through the Health Account Manager portal to make one-time transfers into a Wells Fargo bank account that is in your name.
- Provide the doctor or merchant with your HSA debit card number to pay for a product or service.
- Use HSA checks to pay merchants for qualified medical expenses. (Note that an additional fee applies to order HSA checks.)

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

2 All tax references are at the federal level. State taxes vary. Please consult a tax advisor.
3 These are the IRS contribution limits for 2010 and 2011. Individual contribution limits may vary. If you have questions about your individual limit, please consult your tax advisor.
4 Limits are indexed for inflation and may change annually.
5 Other eligibility criteria may apply.