

Health Savings Account

Effective January 1, 2023

Our Ion Bank Health Savings Account is an interest-bearing account 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. This special tax-advantaged savings account covers current and future medical expenses for individuals and families with a High Deductible Health Plan (HDHP). HSAs are available to employed or self-employed individuals who make their decisions on contributions and distributions, allowing control over how health care dollars are spent. Unspent dollars may accumulate year after year. Your medical expenses will be recorded on one statement. In the event of an IRS audit, your monthly statements provide images of cancelled checks with a detailed transaction history that includes debit card and online bill payments. Medical Savings Account assets can be rolled over to HSAs, enabling a current MSA account holder to take advantage of HSA rules.

HSA Benefits

HSAs can provide significant tax benefits related to paying qualified medical expenses and benefits similar to many tax-favored retirement plans.

- 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 but are subject to a 20 percent penalty until the account owner turns age 65, dies, or is disabled. If not used for medical expenses, they are subject to income taxes
- Upon death, remaining funds transfer to a named beneficiary or your estate

HSA Features

- Free personalized checks
- Free HSA Debit Mastercard®
- Free Online Banking and Bill Pay
- Free Bank-by-Phone
- Free comprehensive monthly statements
- No set-up fees
- No transaction fees¹
- No monthly or annual fees

¹Free ATM transactions at Ion Bank ATMs. Ion Bank does not charge when you use your card at another bank's ATMs; other banks' fees may apply.

HSA Deposits

You can make deposits at any Ion Bank branch, by payroll direct deposit, or automatic transfer from another Ion Bank deposit account. Your employer may also make deposits to your HSA as part of your employee benefits program.

Qualified Medical Expenses

For HSA assets to be tax-free, they may only be withdrawn and used for qualified medical expenses.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
- Certain health insurance after age 65

Non-qualified 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.

Participation Eligibility

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 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)
- Are not able to be claimed as a dependent on another person's tax return

2023 High Deductible Health Plan Limits

A HDHP is an insurance policy that meets certain dollar limits:

	Self Only	Family
Annual Deductible	\$1,500	\$3,000
Annual Deductible plus out of pocket expenses cannot exceed...	\$7,500	\$15,000

2023 HSA Contribution Limits²

The amount you and your employer may contribute to your HSA for any taxable year depends on whether you have individual or family coverage under a High Deductible Health Plan:

	Self Only	Family
Annual Contribution Limit	\$3,850	\$7,750

²Contribution limits are revised yearly to reflect cost-of-living increases.

In addition to standard HSA contribution limits, if you turn age 55 before the close of a taxable year, you may contribute an additional "catch-up" contribution. The catch-up contribution limit is \$1,000.

HSA Required 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 and the individual's W-2 form
- All contributions and distributions are reported by the custodian or trustee where the HSA is held

Easy to Open

Open an HSA online today. Simply visit **IonBank.com** to get started or stop by your nearest Ion Bank branch and we will be happy to open your HSA. Please call us at **203.729.4442** with any questions.

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



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