

After you turn 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 additional 10% penalty.

Advantages of HSCAs

Security - Your high deductible insurance and CCU HSCA protect you against high or unexpected medical expenses.

Affordability - You should be able to lower your health insurance premiums by switching to health insurance coverage with a higher deductible.

Flexibility - You can use the funds in your CCU HSCA account to pay for your current medical expenses, including expenses that insurance may not cover, or save the money in your account for future needs.

Savings - You can save the money in your CCU HSCA for future medical expenses and grow your account through investment earnings.

Portability - CCU HSCAs are completely portable, meaning you can keep your CCU HSCA even if you change jobs, change your medical coverage, become unemployed, move to another state or change your marital status.

Ownership - Funds remain in the CCU HSCA account from year to year, just like an IRA. There are no "use it or lose it" rules for CCU HSCAs.

Tax Savings – A Health Savings Checking Account provides you with TRIPLE tax savings:

- 1) tax deductions when you contribute to your account
- 2) tax-free earnings through investment
- 3) tax-free withdrawals for qualified medical expenses.

Opening your Health Savings Checking Account (HSCA)

HSCAs were signed into law by President Bush on December 8, 2003. Community Credit Union is permitted to be a trustee or custodian of the Health Savings Checking Account. Community Credit Union will be glad to set up an HSCA specifically for you. Just see one of our MSRs, check our website at www.ccuFlorida.org under HSCA, or call 321.690.2328. We will set you up with an CCU HSCA that will help you to maximize your contributions.

Need more information about HSCAs?

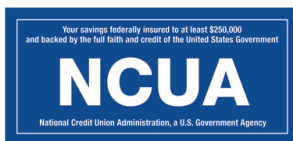
The Department of Treasury's web site has additional information about Health Savings Checking Accounts including answers to frequently asked questions, related IRS forms, publications, technical guidance, and links to other helpful websites. The Department of Treasury's website is located at www.treas.gov (click on Health Savings Accounts) or link to: <http://www.treas.gov/offices/public-affairs/hsa/>.



The Health Savings Checking Account



321.690.2328
www.ccuFlorida.org



2009/Version1

A way to save for
future medical
expenses

CCU Health Savings Checking Accounts

Community Credit Union offers great Health Savings Checking Accounts! A Health Savings Checking Account (HSCA) is an account that you can put money in to save for future medical expenses. There are certain advantages to putting money into these accounts, including favorable tax benefits.

Who can have a CCU HSCA?

Any adult can contribute to a Health Savings Checking Account if they:

- 1) Have coverage under an HSCA-qualified **high deductible health plan (HDHP)**.
- 2) Have no other first-dollar medical coverage (other type of insurance like specific injury insurance or accident, disability, dental care, vision care, or long-term care insurance are permitted.)
- 3) Are not enrolled in Medicare
- 4) Cannot be claimed as a dependent on some one else's tax return.

Contributions to your CCU HSCA can be made by you, your employer, or both. However, the total contributions are limited annually. If you make a contribution, you can deduct the contributions (even if you do not itemize deductions) when completing your federal income tax return.

Contributions to the account must stop once you are enrolled in Medicare. However, you can keep the money in your account and use it to pay for medical expenses tax-free.

High Deductible Health Plans

You must have coverage under an HSCA qualified **high deductible health plan (HDHP)** to open and contribute to an HSA. Generally, this is health insurance that does not cover first dollar medical expenses. Federal law requires that the health insurance deductible be at least:

\$1,150* Self Coverage Only
\$2,300* Family Coverage

In addition, maximum out-of-pocket expenses under the plan (including deductible, co-pays, and co-insurance) cannot exceed:

\$5,800* Self-only coverage
\$11,600* Family coverage

In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for "preventative care" services on a first-dollar basis (with or without co-pay). Preventative care can include: routine prenatal and well-child care, child and adult immunizations, annual physicals, mammograms, and pap smears, etc.

CCU HSCA Contributions

You can make a contribution to your CCU HSCA each year that you are eligible. The following table illustrates how it works:

Year	Single Coverage HHDP		Family Coverage HDHP	
	Minimum Deductible	Maximum Out-of-Pocket	Minimum Deductible	Maximum Out-of-Pocket
2009	\$1,150	\$5,800	\$2,300	\$11,600
Tax Year	Single Coverage Annual Limit (Monthly Limit)		Family Coverage Annual Limit (Monthly Limit)	Over 55 Catch-Up Contributions
2009	\$3,000 (\$250)		\$5,950 (\$495.83)	\$1,000 (\$83.33)

Individuals age 55 and older can also make additional "catch-up" contributions. The maximum annual catch-up contribution is as follows:

2009 and after - \$1,000

Determining Your Contribution

Your eligibility to contribute to an HSCA for each month is generally determined by the whether you have HDHP coverage on the first day of the month. Your maximum contribution for the year is the greater of: (1) the full contribution, or (2) the pro-rated amount. The full contribution is the maximum annual contribution for the type of coverage you have on December 1. The prorated

*2009 amounts adjusted annually for inflation

amount is 1/12 of the maximum annual contribution for the type of HDHP coverage you have times the number of months you have that type of coverage. If your contribution is greater than the prorated amount, and you fail to remain covered by an HDHP for the entire following year, the extra contribution above the prorated amount is included in income and subject to an additional 10 percent tax. Contributions can be made as late as April 15 of the following year.

Using your HSCA

You can use the money in your CCU HSCA account to pay for any "qualified medical expense" permitted under federal tax law. This includes most medical care and services, and dental and vision care, and also over the counter drugs such as aspirin.

You cannot use the money to pay for medical insurance premiums, except under specific circumstances, including:

- 1) Any health plan coverage while receiving federal or state unemployment benefits
- 2) COBRA continuation coverage after leaving employment with a company that offers health insurance coverage.
- 3) Qualified long-term medical care insurance
- 4) Medicare premiums and out of pocket expenses, including deductibles, co-pays, and coinsurance for:
 - Part A (hospital and inpatient services)
 - Part B (physician and outpatient services)
 - Part C (Medicare, HMO and PPO Plans)
 - Part D (prescription drugs)

You can use the money in your CCU HSCA account to pay for medical expenses for yourself, your spouse, or your dependent children. Expenses for your spouse can be paid even if they are not covered by your HDHP. Any amounts used for purposes other than to pay for "qualified medical expenses" are taxable as income and subject to an additional 10% tax penalty.