



Welcome kit

Welcome to CapStone Bank! We are here to help you and your family understand how to take full advantage of your Health Savings Account (HSA).

www.CapStoneBank.com

**CAPSTONE
BANK**

Getting started

CapStone Bank can help you with many aspects of your HSA through our website and access to our staff of professionals.

Your Health Savings Account (HSA) What is it?

Your HSA allows you to save money for future medical expenses. The funds are not taxable if used for qualified medical expenses. At the end of the year, any funds remaining in your account will carry over for use in future years. Contributions to your account can be made by you, your employer or other individuals.

CapStone Bank services allow you to:

- View your account balance and transaction information
- Stay on top of your Health Savings Account expenses
- Store receipts for your expenses online to be retrieved for tax filing
- Track expenses for tax reporting purposes
- Print forms and documents relating to your account
- Access information about your qualified health plan
- Access educational information to learn more about your HSA
- Direct questions and issues to our HSA Customer Support Center staff

Accessing your HSA

Access your CapStone Bank HSA online at:

www.CapStoneBank.com

From our home page click the link on the left “**Manage your HSA**”. If logging in for the first time, go to: “**New Members Register Here**” and follow the instructions.

You may view your account activity, check your balance or access the many account management tools provided.

Once logged in, select from menu tabs at top of screen:

Home: Overview of health plan features and HSA balance with a message center so that CapStone Bank and your employer can communicate with you

My Profile: Your personal contact information and where you can change Member ID and Password

My HSA: Account transaction history, reconcile expenses, use the Deductible Tracker™ and view a summary of qualified expenses. You may also upload scanned receipts related to your expenses

My HDHP: Displays the plan features for your High Deductible Health Plan (HDHP)

Education: Look up “Frequently Asked Questions” and find links to additional HSA information

Document Center: Retrieve documents and forms regarding the HSA program

Logout: Select to logout of your personal HSA

Eligibility

Are you eligible for a Health Savings Account?

In addition to your participation in a qualified High Deductible Health Plan, there are a few additional qualification rules in order to be considered eligible for each month during the year. Please make sure NONE of the following are true:

Are you covered by another insurance plan, including any of the following?

- Coverage under your spouse's health plan
- Your spouse's participation in a Flexible Spending Account (FSA) at work
- Your participation in a FSA at work
- Supplemental health insurance policies, including those from other countries

Are you covered by any part of Medicare?

Have you used VA health benefits within the last 3 months?

Can you be claimed as a dependent on someone else's tax return?

If any of the above becomes true during the year, your HSA eligibility may end, affecting the contributions and distributions you are allowed from your account. If you believe you may not be eligible, please contact CapStone Bank's HSA Customer Support Center for assistance, 888-860-2978 option 1.

Funding your HSA

We are here to help...

Contributions can be deposited to your HSA from several sources. As the account holder, you reap the tax benefits of all deposits made.

Employer Contributions – Your employer may elect to contribute funds to your account on a pre-tax basis. Amounts may vary from year to year.

Payroll Deduction – If your employer allows it, contributions may be deducted from your paycheck. Deductions may be on a pre-tax or post-tax basis, depending on how your employer's benefit program works.

Catch up Contributions – Those age 55 and older are eligible to contribute additional funds above the annual IRS limit, up to \$1,000, depending on monthly eligibility.

Personal Funds – You may deposit personal funds to your account. Such deposits are completed on a post-tax basis and then are deducted on your Federal 1040 tax filing to achieve pre-tax status.

Rollover from an IRA – You may be eligible to do a one-time rollover from an existing Individual Retirement Account (IRA) to fund your HSA. The rollover amount is treated as a contribution for the year so you should ensure that you do not exceed the annual limit. This option is only available through December 31, 2011, unless there is legislative action extending this option.

Rollover from an FSA or HRA – If your employer allows, you may be eligible to rollover funds from a Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA) which had funds remaining at the end of the plan year. To learn more about this option, please check with your employer or CapStone Bank. This option is only available through December 31, 2011, unless there is legislative action extending this option.

If you have any questions about funding your account, contact CapStone Bank's HSA Customer Support Center for assistance, 888-860-2978 option 1.

Paying for healthcare

How it works...

Your Debit Card

Your HSA debit card will be mailed to you within 7-10 business days after your account is established. To activate your debit card, simply call the toll-free number provided with the card and follow the instructions provided over the phone. You may use your HSA debit card to pay for medical expenses as soon as contributions are deposited to your account. If you incur expenses and your balance is not large enough to cover the cost, you can reimburse yourself for any out of pocket medical expenses once your balance increases.

Transactions using your HSA debit card will generally appear in your account within 1-3 business days and can be reviewed through the CapStone Bank website (*see the website information section for further instruction*).

Lost or Stolen Cards

If your debit card is lost or stolen, or if you think someone is using the card without your permission, call CapStone Bank immediately to report the loss and request a new card. The phone number is located on the back of your debit card. Write down this number and store in a safe location in case you need it.

At the Doctor's Office

Most carriers do not require payment at the time of service; however, if you should need to make a payment at the doctor's office, first show your health insurance card. This helps ensure that you receive the lower negotiated rates for the services rendered. Then, complete payment with your HSA debit card. Your doctor should then file a claim with the insurance company and the payment amount should be applied to any outstanding deductible you may owe. If your HSA balance is not large enough to cover the expense, complete payment with personal funds and reimburse yourself once funds are available.

At the Pharmacy

To pay for a prescription, show your health insurance card to the pharmacist to get your network's negotiated rate for the drug. Then, complete payment with your debit card.

Qualified medical expenses

What they are...

Your HSA funds are available to pay for qualified medical expenses. Those expenses the IRS has determined to be "*qualified*" are listed in Publication 502 and defined in IRC Section 213d. A link to this list is available through "Manage your HSA" from CapStone Bank's website.

Samples of qualified medical expenses payable from your HSA:

- Health insurance deductible and co-insurance payments
- Physical examinations
- Prescription drugs
- Dental care
- Vision care
- Chiropractic care
- Medical equipment

Beginning January 1, 2011, HSA funds may not be used to pay for over-the-counter medications (except Insulin) without a doctor's prescription.

Note: *If you use your HSA funds for non-qualified expenses, and are under the age of 65, you may incur a 10% penalty (increases to 20% as of January 2011) and owe income taxes on the amount used. After age 65, HSA funds can be used for any expense with no penalty, but you may still owe income taxes on those funds. Qualified expenses remain tax free after age 65.*

Be a good healthcare consumer - save money!

We are here to help...

- Be sure to show your insurance card at the doctor's office and pharmacy to guarantee negotiated discount rates
- When buying prescriptions
 - Shop around – not all pharmacies charge the same amount for the same medication
 - Check out large discount retailers who now offer medications at deep discounts.
 - When taking a short-term medication, check with your doctor to see if free samples can be provided.
- When seeking medical care
 - Go to the emergency room only for emergencies – see your own doctor when possible or use urgent care centers and mini-clinics if possible – you can save yourself hundreds of dollars!

Remember – Funds Availability

Funds must be available in your account in order to pay for a medical expense with your HSA debit card. Your debit card may be declined at the point of purchase or may be charged non-sufficient funds fees if you attempt to use the card for amounts above your available balance. You may easily check your balance through your online HSA or by contacting CapStone Bank for assistance 919-256-6800.

If you do not yet have enough funds in your account, you may pay with your own funds and reimburse yourself at a later date when additional deposits have been made.

Important tax information

Proper reporting...

Keep your receipts

The IRS requires that you keep your receipts for HSA expenses. While CapStone Bank's website can help you track your expenditures, receipts will be required should you ever be audited by the IRS. You may upload receipts to the CapStone Bank system for each transaction for easy retrieval at a later date. See the following page for more information about this online feature.

Keep your receipts with your annual tax file. Failure to retain receipts could result in required payment of taxes and a 10% penalty (if expenses cannot be confirmed as "qualified" expenses).

Tax reporting

Because your HSA funds are tax advantaged, there are some reporting requirements for the IRS at tax time. You will receive a Form 1099-SA and form 5498-SA from the account custodian each year which should be kept in your tax file.

As an HSA holder, you must submit Form 8889 with your Form 1040 tax filing, reporting information related to your HSA. See the following page for more information about this online feature.

If you contribute to your account through employer payroll deduction, or if your employer contributes to your account, such contributions will be reflected on Form W-2 provided by your employer each year.

Reconcile Expenses – Upload Receipts

To help you track the medical expenses that apply toward your deductible, and to track qualified expenses for tax purposes, CapStone Bank provides an account reconciliation feature within your account on our website. You may also upload and store receipts online for retrieval at tax time.

Login at www.capstonebank.com, select **“Manage your HSA”** and then select **“My HSA”** from the top menu bar:

Home My Profile My HSA My HDHP Education Documents

Account Summary Deductible Tracker Personal Expenses Qualified Expenses Tax Information

Health Savings Account Investments

My HSA Account - 9000000001 - Balance: \$663.00 as of 7/2/2010
Financial Corporation

Click on the Reconcile button next to each expense transaction below to enter details about the transaction or to upload scanned copies of your receipt(s) for future access. Receipts are stored securely for your protection.

Select the year to review:
2010

| Action | Date | Description | +/- | Amount | Ending Daily Balance |
|-----------|-----------|------------------------------------|-----|----------|----------------------|
| | 6/30/2010 | INTEREST PAYMENT GENERATED | + | \$0.10 | \$663.00 |
| | 6/28/2010 | EMPLOYER CURRENT YEAR CONTRIBUTION | + | \$159.05 | \$662.90 |
| Reconcile | 6/22/2010 | CVS PHARMACY # 4537 | - | \$18.71 | \$503.85 |

Select **“Reconcile”** to select an expense – a box will appear. Specify if expense is **“Approved”** to meet your deductible and **“Qualified”** according to IRS guidelines.

Click where indicated to upload a receipt you have scanned into your computer.

Edit Itemized Transactions

Transaction Date: 3/24/2008

Transaction Description: Select from the list.
Prescription Medication

Transaction Amount: 72.15

Approved: (Applies to Deductible.) Yes No

HSA Qualified Expense? Yes No

Amount to Reconcile: \$72.15

After editing click Save.
When finished editing all line items.

Save

[Click here to upload your scanned receipt](#)

Once reconciled, each expense will appear as such within your account transaction history. The Deductible Tracker will display the transactions you have marked as expenses that apply toward your deductible. You may then compare this information to that provided by your insurance carrier to locate any possible discrepancies. **For assistance in reconciling expenses, contact CapStone Bank's HSA Customer Support Center.**

Have questions?

We are here to help...

Customer Support Center

Our Customer Support Specialists are available to answer questions about your HSA and assist you with your High Deductible Health Plan (HDHP). To contact our HSA Customer Support Center you have the following options:

By Phone:

Toll-free 888 860-2978, option 1
Available 8:30am to 5:30pm (EST) Monday through Friday

By Mail:

CapStone Bank's HSA Customer Support Center
6455 Shiloh Road, Suite A
Alpharetta, GA 30005

Thank you! CapStone Bank is proud to serve as your HSA administrator. We appreciate your business and look forward to providing you the highest level of service and support. Our goal is to ensure that you maximize the benefits of participating in a Health Savings Account. To that end, we are constantly seeking ways to provide a better customer experience. Please feel free to make recommendations to us if you feel there is anything we can do better to improve the service provided to you.