Health Savings Accounts (HSA) 2017

What are HSAs?
Health Savings Accounts (HSAs) are accounts established for the purpose of paying for qualified medical expenses not covered by High Deductible Health Plans (HDHP). HSAs were created to lower healthcare costs and help give control back to consumers. Contributions to the account may be used for current or future medical expenses.

In 2017, a health plan is considered a HDHP if the plan satisfies the following 2017 annual expense requirements: minimum deductible $1,300 (single) or $2,600 (family) and maximum out-of-pocket $6,550 (single) or $13,100 (family).

The maximum contribution amount to a HSA is the statutory maximum for single or family coverage, whichever is applicable. Individuals age 55 and older may make “catch-up” contributions of $1000.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-only coverage</td>
<td>$3,350</td>
<td>$3,400</td>
</tr>
<tr>
<td>Family coverage</td>
<td>$6,750</td>
<td>$6,750</td>
</tr>
</tbody>
</table>

Easy, convenient withdrawals
To use your HSA for qualified expenses, simply use your Health Savings Account Debit Card or write a check.

Examples of qualified expenses might include most medical, dental and vision care and prescription and over-the-counter drugs. Some alternative expenses, such as chiropractic or acupuncture may also be covered. Your insurance agent can provide complete details on your health plan’s allowed expenses.

You'll earn interest on your HSA, and have the convenience of reviewing your account online at bankforward.com. Your Bank Forward HSA is FDIC insured.

HSA tax advantages may put more money in your pocket.
» No “use it or lose it” requirements.
» Contributions to HSAs are tax-deductible. Before-tax income can be used to fund the account for an employer-sponsored plan.
» Withdrawals for qualified expenses are tax-free.
» Funds grow tax-deferred. At age 65, funds can be used for eligible medical expenses or may be withdrawn at the individual’s normal tax rate for other purposes.

Consult your tax advisor for complete information about your own situation.
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Contributions
The maximum contribution amount to a HSA is the statutory maximum for single or family coverage, whichever is applicable. Contributions are allowed until the tax filing deadline of the tax year. Individuals age 55 and older may make “catch-up” contributions of $1,000.

<table>
<thead>
<tr>
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<th>Self-Only Coverage</th>
<th>Family Coverage</th>
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<tbody>
<tr>
<td></td>
<td>2016</td>
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</tr>
<tr>
<td>Maximum contribution</td>
<td>$3,350</td>
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</tr>
<tr>
<td>Out of pocket maximum</td>
<td>$6,550</td>
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<tr>
<td>Minimum deductible</td>
<td>$1,300</td>
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</table>

Examples of eligible medical expenses*
- Abortion
- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limbs or prosthetics
- Birth control pills
- Braille books and magazines
- Breast reconstruction after mastectomy after cancer
- Chiropractic
- Christian Science practitioner
- COBRA Continuation Health Coverage
- Contact lenses and eyeglasses for medical reasons
- Crutches
- Dental treatment (X-rays, fillings, braces, extractions, dentures)
- Diagnostic devices
- Drug addiction treatment
- Eye examinations
- Eye surgery, including radial keratotomy
- Fertility enhancement
- Guide dog
- Hearing aids
- Hospital services
- Insulin
- Laboratory fees
- Lead-based paint removal
- Legal fees to authorize treatment of mental illness
- Nursing home
- Nursing services
- Optometrist
- Osteopath
- Oxygen and oxygen equipment
- Patterning exercise therapy for the mentally retarded
- Psychiatric care
- Psychoanalysis
- Psychologist
- Qualified long-term care insurance contracts
- Special education for learning disabled caused by mental or physical impairment
- Sterilization
- Stop-smoking programs
- TDD and TTY telephone equipment and repairs
- Transplants
- Transportation expenses primarily for and essential to medical care
- Vasectomy
- Wheelchair
- X-rays

Examples of Ineligible medical expenses*
- Childcare for normal, healthy babies
- Contributions to HSA
- Controlled substances
- Dancing lessons
- Diaper service
- Diet food or beverages
- Electrolysis
- Expenses allowed as childcare credit
- Flex spending account
- Funeral expenses
- Future medical care
- Hair transplants
- Health coverage tax credit
- Household help
- Illegal operations and treatments
- Insurance premiums
- Maternity clothes
- Medical Savings Account
- Medicines and drugs from other countries
- Membership to gym, health club or spa
- Nonprescription drugs and medicines
- Nonprescription drugs and medicines to stop smoking
- Nutritional supplements
- Personal use items
- Special education for “problem children” not caused by mental or physical impairment
- Swimming lessons
- Teeth whitening
- Unnecessary cosmetic surgery
- Veterinary fees
- Weight loss programs

Recordkeeping
You must keep records sufficient to show that
- The distributions were exclusively to pay or reimburse qualified medical expenses.
- The qualified medical expenses had not been previously paid or reimbursed from another source.
- The medical expenses had not been taken as an itemized deduction in any year.

*Information above is for illustrative purposes only and is not legal, medical or tax advice. Please refer to your own High Deductible Health Plan, Section 213(d) of the Internal Revenue Service Code and IRS Publications 502 Medical and Dental Expenses (including the Health Coverage Tax Credit) and 969 Health Savings Accounts and Other Tax-Favored Health Plans for more detailed information. IRS forms and information may be accessed by internet at www.irs.gov. Consult your tax advisor for complete information about your own situation.

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