General Information

- Funds used to pay for qualified medical expenses are always tax-free, regardless of age or HSA-compatible health plan coverage.
- Prior to age 65, funds used to pay for non-eligible medical expenses are subject to normal income tax and a 20% penalty. After age 65, HSA funds may be withdrawn for non-eligible expenses with no penalty (regular income tax will apply).
- HSA funds can be used to reimburse yourself for past medical expenses if the expense was incurred after your HSA was established.
- If you have questions regarding the eligibility of medical expenses, always contact a qualified tax advisor or the IRS.
- Insurance premiums are generally not considered eligible medical expenses. However, there are four exceptions:
 - o Premiums for continuation coverage under COBRA or ERISA for the accountholder, spouse, or dependents.
 - A qualified long-term care insurance contract.
 - A health plan maintained while the accountholder, spouse or dependent is receiving unemployment compensations under any Federal or State Law.
 - Premiums for those over the age of 65, including Medicare or retirement health benefit provided by former employer.

Eligible Medical Expenses

An eligible medical expense is an expense that pays for healthcare services, equipment or medications as described in IRS Publication 502.

In general, your HSA can be used for:

- Expenses applied to your health plan deductible
- Dental care services
- Vision care services
- Prescription services
- Certain over-the-counter medications
- Certain medical equipment

How to

Get Started.

At Lake Shore Savings Bank, our Health Savings Accounts (HSAs) are designed to fit your family's needs. We offer a competitive interest rate as well as checks or a debit card to make payments directly to your doctor or pharmacy.

- NO Monthly Service Charge
- **NO Minimum Balance Requirements**
- Receive a Monthly Statement or Manage Your Account Online

To apply for a Lake Shore Savings HSA or for more information, call or stop by any of our convenient branch locations.

128 East 4th Street 570 Dick Road Depew Dunkirk 898-2022 366-4070

3438 Delaware Ave. 30 East Main Street

Fredonia Kenmore 898-2010 673-9555

115 East 4th Street 3111 Union Road

Orchard Park Jamestown 674-2066 664-1103

5751 Transit Road 1 Green Avenue WE

East Amherst West Ellicott 688-6114 483-3400

59 Main Street 106 East Main Street

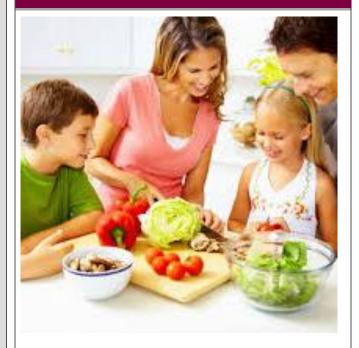
Westfield Hamburg 646-9480 326-4414

4950 Main Street

Snyder 898-2101

www.lakeshoresavings.com

Health Savings Accounts



Pre-tax savings to help you control the rising costs of health care.



Lake Shore Savings

Putting People First.

How the HSA Works for YOU

- Pre-tax money is deposited yearly into an HSA. Withdrawals can be made at any time for qualified medical expenses with no penalty or taxes paid.
- Withdrawals can also be made for non-medical expenses, but are subject to normal income tax and a 20% penalty if done prior to age 65.
- Unused HSA funds remain in the account, earning tax-free interest while supplementing future medical expenses.
- Deposits can be made by employers and employees.
- o Contributions are tax deductible regardless of age, compensation or any other factors.
- Distributions are made via debit card, cash withdrawal, Internet banking, check or bill pay transaction.
- Like an IRA, the account belongs to you and not your employer, however unlike an IRA, employers can contribute to your HSA.

Adding to Your

Peace of Mind

An HSA is a federally approved, tax-favored savings account used in conjunction with high-deductible HSA-compatible health insurance plans to help make healthcare more affordable and provide an opportunity for tax-deferred retirement savings.

Who Benefits and How

Health Savings Accounts (HSA) are designed to benefit individuals, families, employers and employees by helping to save and pay for healthcare expenses on a tax-advantaged basis.

Funds can be contributed on a pre-tax (tax-free) or tax-deductible basis and may be withdrawn without tax consequences when paying for qualified medical expenses.

Any unused funds are carried forward from year to year with no "use it or lose it" consequences.

Used in combination with compatible HSA Healthcare insurance plans allows consumers greater spending control over healthcare dollars and provides an opportunity to save and invest for future healthcare and retirement.

A Lake Shore Savings HSA

Makes Sense!

HSA-Compatible Health Care Plan + Lake Shore Savings HSA=Tax Savings , greater financial security & more...

- Even if your HSA-compatible coverage ends, you can still use your HSA funds tax-free for eligible medical expenses.
- Contributions can come from employers, accountholders or third parties.
- There is no "use it or lose it" philosophy. If you don't use it, save it for next year. Or better yet, for retirement.
- You can fund your HSA with an existing HSA, MSA, HRA or IRA.
- You're in control. You choose when to use your HSA or pay out-of-pocket.
- After age 65, HSA funds can be used for nonqualified expenses and only income is assessed.
- HSA contributions are tax-free when used to pay for qualified medical expenses.
- Earnings grow tax-deferred.

Lake Shore Savings HSA

Account Features

- Interest-bearing-see rates on our website for details
- No minimum balance requirements
- Monthly statements generated
- Debit card(s)issued
- Funds distributed via: debit card, ATM transaction, check, online banking and bill pay, cash withdrawal

Determining your

Eligibility

Individuals are eligible for an HSA under IRC section 223 (c) (1) if he/she with respect to any month is:

- Covered under a High Deductible Health Care Plan* (HDHP)on the first day of the month.
 *High Deductible Health Care Plans have a minimum annual deduction. See table below.
- Not covered by another Health Care Plan that is not an HDHP
- Not enrolled in Medicare (may be eligible for Medicare, but must not be enrolled)
- Not eligible to be claimed as a dependent on another individual's federal income tax return

Maximum Contribution Limitsestablished under IRS guidelines

	For 2019		For 2020	
HSA Contribution	Self	\$3,500.00	Self	\$3,550.00
Limit	Family	\$7,000.00	Family	\$7,100.00
HSA Catch-up		\$1,000.00		\$1,000.00
Contributions (55+)				
HDHP Minimum	Self	\$1,350.00	Self	\$1,400.00
Deductibles	Family	\$2,700.00	Family	\$2,800.00
HDHP Maximum	Self	\$6,750.00	Self	\$6,900.00
Out-of-Pocket	Family	\$13,500.00	Family	\$13,800.00

2019 Contributions can be made up until April 15, 2020.

Contributions are reported on Form 5498-SA.

