Group Dynamic Inc.
THIRD PARTY ADMINISTRATION

Offering you cost savings and well-being with a Health Savings Account (HSA)

SIGNING UP FOR A HEALTH SAVINGS ACCOUNT (HSA) PUTS MORE MONEY IN YOUR POCKET.

You can pay less in taxes and get a discount on your medical expenses simply by signing up for an HSA!

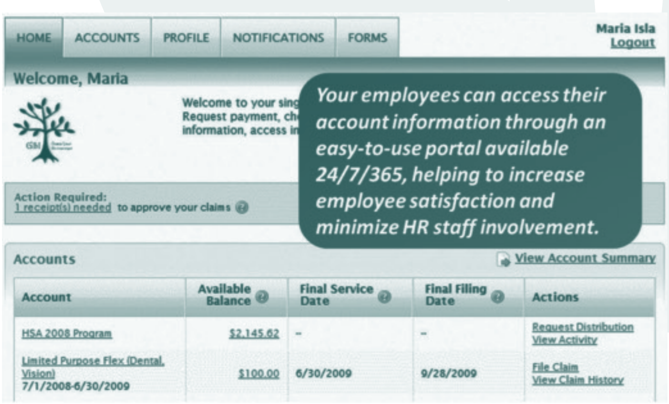
A Health Savings Account (HSA) works with a high deductible health plan (HDHP), and allows you to set aside a portion of your paycheck—before taxes—into an account to help you pay for medical expenses before you reach your deductible or that aren't covered by your plan. It can also help you save for future medical expenses.

A Health Savings Account (HSA):

- **Belongs to you.** Funds in your HSA stay with you, even if you change jobs. And, if you're no longer covered by an HDHP, your account stays active and you can use remaining funds for medical expenses.
- **Reduces your taxable income.** The money is tax-free when you put it in and when you take it out to cover qualified medical expenses.
- **Grows with you.** If you maintain a minimum balance of $2,000, your additional funds may be invested in mutual funds yielding tax-free earnings.
- **Helps you plan for the future.** Until you turn 65, withdrawals used for eligible expenses are tax-free. After you turn 65, or if you become disabled, your HSA becomes similar to a regular IRA. Withdrawals you use for non-eligible expenses will be taxed at your regular income tax rate but won't result in additional penalties.

HOW IT WORKS

Contributions can be made to your HSA up to an annual per-person or family limit set by the IRS. You can use money in your HSA to pay for insurance deductibles and medical care/supplies like dentistry, ophthalmology, and prescription drugs.



When you enroll, an account will be created for you at Healthcare Bank, a division of Bell State Bank & Trust—a $4 billion financial institution. You'll be given access to a secure, easy-to-use web portal where you can track your account balance, view your investment accounts and submit requests for reimbursements.

In addition, you'll be issued a debit card you can use at the point-of-sale to pay for eligible medical expenses.

You can also request distributions online by accessing your account via **www.gdynamic.com** for any purchases not made with your debit card. Payment will be made based on your available funds and may be sent via direct deposit, or directly to your service provider.

HOW IT SAVES YOU MONEY

Enrolling in an HSA can help you save money in several ways. Choosing a high deductible health plan helps you reduce your monthly insurance premiums. You can use these savings to fund your HSA account. Money you deposit into your HSA isn't subject to federal income taxes. You can use money from your HSA to pay for medical care/supplies that aren't typically covered by medical insurance. Because that money isn't taxed, you're essentially getting a 25% to 40% discount on these expenses. Unused money in your HSA can be invested in mutual funds with no taxes to you on qualified withdrawals, interest or growth.*

Your HDHP monthly premiums are lower.	You contribute a federal tax-free amount each month.	You use your funds to pay eligible expenses.	Your unused funds earn federal tax-free interest, and can be invested in mutual funds.*
SAVINGS #1	**SAVINGS #2**	**SAVINGS #3**	**SAVINGS #4**
You (or your employer) pay lower premiums.	Your take-home pay increases by your tax rate.	You essentially get a 25% to 40% discount on medical expenses.	You don't get taxed on qualified withdrawals, interest or growth.

*A $2,000 minimum balance is required to move money into investment funds.

THINGS TO KEEP IN MIND

Although enrolling in and using an HSA can be easy, convenient and beneficial, you need to be aware of the regulations. The list below answers many of the commonly asked questions about Health Savings Accounts. More details can be found at www.irs.gov.

Eligibility

- If you are claimed as a dependent on someone else's taxes or are covered by any other health insurance policies that are not considered HDHPs, including Medicare and General Purpose Medical Flexible Spending Accounts, you are not eligible for an HSA.
- If you participate in a General Purpose Medical FSA or in certain types of HRAs through your employer or your spouse's employer, you are not eligible for an HSA.
- You and your spouse can each have an HSA if you both have high deductible coverage. If you have family HDHP coverage, the maximum contribution is split equally unless you and your spouse agree on a different division.

Reimbursement

- You don't have to submit receipts to receive your reimbursement. However, you need to keep receipts and documentation for each year's federal tax return (Form 8889 attached to Form 1040).
- You can make a withdrawal at any time. Reimbursements for qualified medical expenses are tax-free. If you are disabled or reach age 65, you can receive non-medical distributions without penalty but you must report the distribution as taxable income. You may also use your funds for a spouse or dependent not covered under your HDHP. They must be recognized as qualified individuals for federal tax purposes.

Timing

- You're eligible to open an HSA as of the first day of each month. If you get HDHP coverage mid-month, your HSA eligibility starts on the first of the following month.

- An HSA must be set up and the contributions must be made by your tax return due date for the year, not including extensions.

Status Changes

- If your HDHP coverage changes from single to family, the contribution can be increased on a prospective basis. In the months that you're covered under a family plan, you're allowed to increase your contributions.

- If your HDHP coverage changes from family to single, you will need to adjust the contribution on a prorated basis to ensure you do not exceed the applicable annual limit.

- The transfer of your interest in your HSA under a divorce or separation agreement is not taxable. Your recipient spouse or former spouse can continue to avoid taxation on the account as long as it's maintained as an HSA.

Transfers

- You can easily transfer an existing HSA balance or rollover an Archer Medical Savings Account (MSA) balance.

- To avoid taxation, a rollover must be completed within 60 days from the date of constructive receipt. You can only make one rollover every 12 months.

Beneficiaries

If your spouse is your beneficiary, your HSA will be treated as their account after your death. If you choose someone other than your spouse as your beneficiary, the account is no longer considered an HSA, and the fair market value of the account becomes taxable to your beneficiary.

Enrollment is easy via GDI's Participant Portal. Using your HSA is even easier with a convenient debit card and secure website that allows you to see your balance, manage your investments, and submit requests for reimbursement 24/7/365.

Sign up for an HSA today and start putting more money in your pocket!

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