

Participant Reference Guide

Welcome to TASC and to the benefits of a Health Savings Account.

We hope you will find the TASC HSA to be an efficient and valuable service. This Guide will walk you through the steps that you need to complete your enrollment into your HSA account, the funds transfer process, change of election rules and procedures, show you how to track your account, and explain how to handle the end of the Plan Year. Please retain this Guide for future reference.

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Welcome

Welcome to TASC's Health Savings Account (HSA)! HSAs are an excellent way to help fund medical expenses. By establishing an HSA, you can deposit funds into your account tax-free via salary reductions to pay for qualified medical expenses. The funds are held in a custodial account until which time a qualified medical expense has been incurred, at which point funds can be withdrawn from the account. Unused balances at the end of the Plan Year are retained in the account and may be carried over to the subsequent Plan Years. In addition, funds in the accounts belong to you and are portable.

Health Savings Accounts Defined

Eligibility

For an individual to be eligible for an HSA, the following requirements must be met.

- You must be covered under a high deductible health plan (HDHP), on the first day of the month.
- You have no other health coverage except for “permitted coverage” (such as accidental, dental or vision coverage).
- You are not enrolled in Medicare.
- You cannot be claimed as a dependent on someone else’s tax return (spouse is excluded).

An HSA is an individual plan and as such you must ensure you are eligible to participate.

A high deductible health plan has an annual deductible for individuals and families.

Please visit our website to view the limits: <https://www.tasconline.com/benefits-limits>

High Deductible Health Plan

A high deductible health plan has an annual deductible. In addition to the minimum deductible, there is a maximum limit on the amount of out-of-pocket expenses under the health insurance plan. The out-of-pocket expenses include deductibles, co-payments and co-insurance. Premiums are not included. All of the HSA Limits are subject to annual cost of living adjustments. Find annual limits online at www.tasconline.com/benefits-limits.

Contributions and Their Tax Deductibility

Contributions to an HSA are tax deductible up to certain limits. Generally, the maximum annual contribution is the contribution limit based on HDHP coverage. Find annual limits online at www.tasconline.com/benefits-limits.

Your maximum annual contribution is determined by adding together your monthly contribution limits for the year. Your monthly contribution limit is determined on the first day of each month that you are an eligible individual. A monthly contribution limit is 1/12 of the annual contribution limit based on your health plan coverage (self-only or family) for each month.

However if you are HSA-eligible on December 1 of any given taxable year, you can be treated as an eligible individual for the full year and can make a full year’s worth of HSA contributions, based upon the type of HDHP coverage (i.e., self-only or family) you have on December 1.

Please note a testing period applies if using this method. The testing period begins with the last month of the contribution year, December 1, and ends on the last day of the 12th month following (13 months).

If you do not continue to be an eligible individual for the entire testing period, (for reasons other than death or disability), the difference between your monthly determined maximum and the amount you contributed is includable in your gross income for the year of failure and is subject to a 10 percent penalty tax.

Contributions to an HSA may be made by you, your employer or anyone who chooses to contribute on your behalf. All contributions to your HSA are counted towards your annual contribution maximum. If you have two HSAs, the contributions are combined in determining your annual contribution.

Contributions to an HSA may be made until April 15 for the prior calendar year. If you have contribution activity, health-care bank will send you Form 5498-SA in May reporting prior year contributions. Each HSA owner must also report their contributions on Form 8889 when filing the Federal tax return.

Your maximum annual contribution is determined by adding together your monthly contribution limits for the year. Your monthly contribution limit is determined on the first day of each month that you are an eligible individual.

The contributions for an HSA through a Section 125 plan are not subject to Federal and State (some states may vary) income tax and FICA. These contributions are made via payroll deduction. Contributions are taken from your payroll on a pre-tax basis and transferred via HSA services to your HSA. This is done on your authorization.

Special Rule for Married Individuals: Married individuals with family coverage must divide their annual HSA contribution limit equally between each other, unless they agree upon a different division.

Married individuals with family coverage must divide their annual HSA contribution limit equally between each other, unless they agree upon a different division.

For example, if either spouse has HDHP family coverage, both spouses are treated as having family coverage and their combined maximum contribution limit is the statutory HSA contribution limit for family coverage. When both individuals have self-only coverage the amount is not divided and each individual can contribute the statutory HSA contribution limit for self-only coverage. (View annual limits online at www.tasconline.com/benefits-limits.)

The catch-up contribution is excluded from this rule and if each spouse is eligible for a catch-up contribution they can each contribute up to \$1,000. The catch-up contribution cannot be combined or divided and must be contributed to the account of the individual eligible for the catch-up contribution.

Your Account Set-up

Your HSA account must be held in a specific bank account at our financial institution partner, HealthCare Bank. Once we have completed processing your account set up, you will be free to contribute and transfer funds to and from your HSA to your personal account, and use your TASC HSA Card to pay for qualified medical expenses.

Managing your TASC HSA is easy. We have created a website that is available to you 24/7/365. Plus we have Customer Care Representatives at the ready to assist you with any question you may have at 1-800-350-3778, 8:00 am - 5:00 pm, Monday through Friday. The first step and it is very important, is to enroll in your Plan. Until you complete your enrollment you will not be able to access any of your HSA funds.

Participant Online Enrollment Process

You are able to enroll online during a specified period before the Plan Year start date as well as at any time during the Plan Year. Access the Enrollment site at: <https://tascparticipant.lh1ondemand.com/>. Enter the employer code provided by your employer. If you do not know your employer code, contact TASC at 1-800-350-3778 for assistance.

Online enrollment is a step-by-step process comprised of eight steps: Profile, Dependents (optional), Eligibility, Election, Payments, Beneficiaries, Terms and Conditions, Summary.

1. Enter your personal information. Fields with a red asterisk (*) are required. Your social security number is required to set up your HSA account. Your email address allows you to receive notifications and other important information quickly. Click Next to continue.

All Participants are obliged to maintain up-to-date contact information in MyTASC; this includes email and mailing addresses, and phone numbers. TASC periodically sends important Plan notifications (regarding balances, deadlines, and/or Plan changes). We are not responsible for any consequences resulting from communications not received due to inaccurate contact information.

2. Enter Dependent information (if applicable) and click Add Dependent. The added dependent displays under the MyDependents list. Click Next to continue.

3. Review the HSA Qualifications and then check that you certify that you are eligible for a Health Savings Account. The Qualifying Health Plan Coverage options on this screen vary depending on your plan. Click Next to continue.

- Determine your annual election amount. Enter your payroll deduction per pay period. It is up to you to make sure that your contributions to the HSA do not go beyond the maximum limits. It is also your responsibility to make sure that your withdrawals are for qualified medical expenses to meet tax deductibility requirements. These expenses are defined in Section 213(d) of the Internal Revenue Code. The enrollment software will not accept elections over the IRS limit. Click Next to continue.

	My Maximum Election	My Election	My Total Election	Employer Contribution	Total
Health Savings Account	\$704.16 <small>(24 total)</small>	\$0.00	\$0.00	\$7,000.00	\$7,000.00

- Select your preferred reimbursement method and elect to receive the TASC HSA Card. You may expect your TASC HSA Card within 2-3 weeks after your enrollment is processed. Funds will not be available on the Card until contributions have been received. Click Next to continue.

Name	Accounts Uploaded on Card	Card Shipped To
Jane Anderson <input checked="" type="checkbox"/> Issue Card	Health Savings Account	445 Sample Ave. Sample City, MI 55110
Adam Anderson <input type="checkbox"/> Issue Card	Health Savings Account	445 Sample Ave. Sample City, MI 55110

- If selecting Direct Deposit enter your bank account information. The Bank Information may pre-populate based on the routing number entered. If not, enter the contact information for your bank. Click Next to continue.

- Select beneficiaries from the Dependents box to pre-fill the information. Click Add Beneficiary. Add a contingent beneficiary by choosing them from the Dependents box or complete the fields, and click Add Beneficiary. Beneficiaries and Share Percentages display and you may update or remove as necessary.

Note: During Enrollment, you must name your spouse as a primary beneficiary if you are married.

You may change this later by submitting a notarized Beneficiary/Spousal Consent Form with your spouse's signature of consent. Click Next to continue.

- Check that you have read and agree with the Designated Representative Agreement, the HSA Custodial Agreement and Disclosure Statement and the Patriot Act Requirement. Click Next to continue.

- The final step is to complete the HSA Account Creation Authorization requesting that an HSA be opened in your name. Click Submit Enrollment. You are enrolled in the TASC HSA.

- Verify your Enrollment Summary information carefully. Click Edit Information in any of the sections to make corrections. Click on Print for a copy or your Enrollment Verification. Click Next to continue your enrollment.

Full Name	SSN	Birth Date	Gender	Full Time Student	Relationship
Adam Anderson	123-23-1123	9/12/1955	Male	No	Spouse
Emma Anderson	111-23-0001	6/12/2010	Female	Yes	Dependent

- Be sure to complete the entire process until you see the Confirmation page or your information will be lost. You have now successfully completed your HSA enrollment!

Once your enrollment is completed, you can update your enrollment at anytime during the open enrollment period from the home page, by clicking Update.

Investment Options

One unique aspect of an HSA is the ability for you to invest some of your savings to increase the value of your account and further save for retirement. You define the amount (above a minimum of \$2,000) to have automatically swept into the investment account.

To set up your investment options click on Investment Details at the bottom of the Home Page. From there you can click on Investment Elections on the left side of your screen. There is plenty of information regarding the investment options and performance to help you choose which investment you wish to place your funds.

You are encouraged to contact an investment expert who is licensed in that field for investment advice. Neither TASC or your employer will offer any investment advice. Choose the investments you wish to participate in by selecting a percentage next to each selection and click on Submit Election Change Request to finalize your investment selections.

You can also choose to have the money swept into a Deposit Account, which works much like a money-market account, where the money is safer and provides for a small interest rate increase.

For advice on investments choices, you are advised to contact a licensed investment expert. TASC does not offer investment advice and neither will your employer.

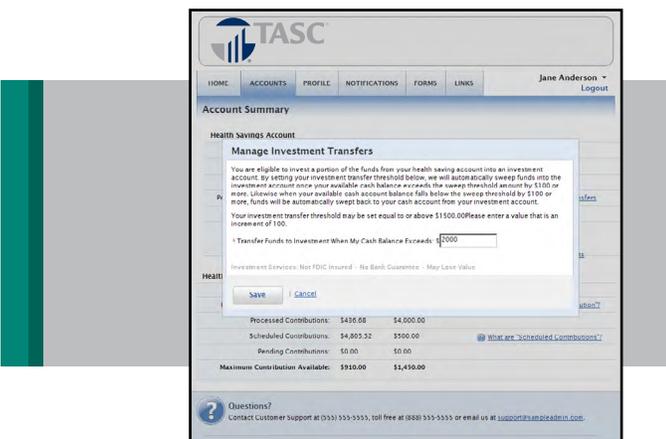
Contribute Funds

Your employer contributes your funds on a pre-tax basis each payroll. You may also make after-tax contributions to your HSA from your personal bank account online. You must set up an ACH for transfer of contributions and must have a valid email address entered with TASC. For easy and convenient disbursement of funds from your TASC HSA, you will receive a TASC HSA Debit Card.

Note: The Contribute to HSA link only displays when you have a bank account online. You may add or update bank account information. The Contribute HSA Funds page displays the IRS Maximum Contribution Detail to determine how much you can contribute.

To contribute funds:

1. Select Apply Contribution to Tax Year. You may make a contribution between January 1 and April 15 to the prior tax year.
2. Enter Contribution Amount.
3. Enter Notes. (Optional)
4. Select the checkbox, I have read, understand and agree to the information and terms above.
5. Click Add Contribution.
6. After you add a contribution, the HSA Cash Account Details page appears where a confirmation displays.



Contributions and Distributions

Withdraw Funds-Distributions

The money in your TASC HSA accumulates on a tax-deferred basis. Withdrawals for qualified medical expenses are not taxable. Withdrawals for reasons other than qualified medical expenses prior to age 65 are taxable and subject to a 20 percent penalty. Upon death, disability, age 65 or upon Medicare eligibility, funds can be withdrawn for non-medical reasons without penalty, but the distributions will be subject to income taxes. In January, HealthCare bank will send a 1099-SA to any account holder with distribution activity for the prior Plan Year.

You can request distribution any time a qualified expense has been incurred. Distributions will be made at your direction. You must acknowledge that withdrawals that are not qualified medical expenses are taxable and will be subject to penalty taxes in certain circumstances. In the event of death, the account will be distributed to your beneficiary. When a qualified expense is incurred, you can request a distribution using one of the available options (TASC HSA Card or online distribution request) and then use said funds to pay for the expense. Funds remain available to you and cannot be forfeited. There are two simple distribution options.



Option 1: TASC HSA Card

As a feature of your TASC HSA you will be issued a TASC HSA Card to facilitate the payment of eligible HSA expenses. The TASC HSA Card looks like a typical debit card, but is used as a credit card for eligible medical expenses, based on the funds available in your benefits account. Rather than paying out-of-pocket and waiting to be reimbursed, the TASC HSA Card allows you to pay for eligible expenses when the service is provided (or when an eligible product is purchased). Card purchases are limited to the Plan types elected, and also to merchants with an inventory information approval system (IIAS) in place to identify HSA-eligible purchases.

When using your TASC HSA Card, the amount of the expense is automatically deducted from your Plan's balance and paid directly to the authorized provider at the point of purchase. It is your responsibility to make sure your withdrawals are for qualified medical expenses to meet tax deductibility requirements as defined under Section 213(d) of the Internal Revenue Code. Remember to save your receipts and retain with your individual tax return documentation.

A screenshot of the TASC website's 'Contribute HSA Funds' page. The page shows a navigation menu with 'HOME', 'ACCOUNTS', 'PROFILE', 'NOTIFICATIONS', 'FORMS', and 'LINKS'. The user is logged in as Jane Anderson. The page title is 'Contribute HSA Funds'. Below the title, there is a section for 'IRS Maximum Contribution Detail' with a table showing 2011 and 2010 data. The table has columns for 'Year', 'IRS Maximum Contribution Amount', 'Processed Contributions', 'Scheduled Contributions', 'Pending Contributions', and 'Maximum Contribution Available'. The 2011 data shows: IRS Maximum Contribution Amount: \$6,150.00; Processed Contributions: \$436.68; Scheduled Contributions: \$4,803.32; Pending Contributions: \$0.00; Maximum Contribution Available: \$910.00. The 2010 data shows: IRS Maximum Contribution Amount: \$5,950.00; Processed Contributions: \$4,000.00; Scheduled Contributions: \$500.00; Pending Contributions: \$0.00; Maximum Contribution Available: \$1,450.00. There are links for 'What is the IRS Maximum Contribution?' and 'What are Scheduled Contributions?'. Below the table is a 'Contribution Details' section with a 'Bank Account' dropdown set to 'Personal (Checking)', 'Routing Number 110000159', and 'Bank Account Number XXXX4558'. There are links for 'Update Bank Account' and 'Add Bank Account'. The 'Apply Contribution to Tax Year' section has radio buttons for '2011' (selected) and '2010'. The 'Contribution Amount' field is empty. There is a 'Note' field.

Option 2: Online

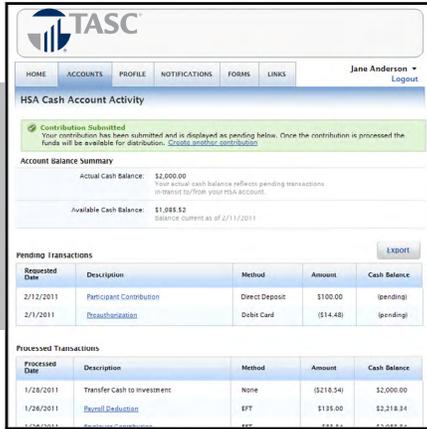
To request a distribution, logon to the TASC HSA website and click on the Account tab and then scroll down to Request HSA Distribution. The Distribute HSA Funds page displays the account summary in the first section of the page. You may only request a distribution for the balance of your account; the system will display an edit if the request is greater than the available balance. If funds in the account are insufficient, only the balance in that particular account will be issued.

A screenshot of the TASC website's 'Distribute HSA Funds' page. The page shows a navigation menu with 'HOME', 'ACCOUNTS', 'PROFILE', 'NOTIFICATIONS', 'FORMS', and 'LINKS'. The user is logged in as Jane Anderson. The page title is 'Distribute HSA Funds'. Below the title, there is an 'Account Summary' section with a table showing: Uploaded Cash: \$1,985.52; Pending Investment Transfers: \$0.00; Investment Fair Market Value: \$1,828.00; Total Available Balance: \$3,743.18. Below the table is a 'Distribution Details' section with a 'Distribute Funds To' dropdown set to 'C Someone Else'. There is a 'Description' field set to 'Normal'. The 'Amount' field is empty. The 'Schedule' section has radio buttons for 'One-time' (selected) and 'Recurring'. The 'Distribution Method' dropdown is set to 'Direct Deposit'. The 'Bank Account' dropdown is set to 'Personal (Checking)'. There are links for 'How to Request other distribution types?' and 'How to set up a scheduled distribution?'. There are also links for 'Update Bank Account' and 'Add Bank Account'.

The outstanding balance of the distribution request will not be reimbursed. An additional distribution request must be submitted once additional funds are in the account.

To request a distribution or withdrawal from an HSA account click on HSA Distribution and then:

- Payments are automatically set to go to yourself and are disbursed via direct deposit.
- Enter the amount you wish to distribute.
- Schedule whether this is a one-time distribution or select the recurring option and set the start and end dates.



Managing Investments

Our online site allows you complete control over your investments. You can view your balance by investment, fund performance, transaction details, fund activity summary, and pending/activity summary. You can manage your investment elections, realign and transfer your investments, and set your investments to automatically adjust the balance. Use the tools to calculate the potential growth of your investments.

To access the investment portal, click View Investment Details and answer the security question.



- Enter your online transfer request. (Please note only online transfers are available.)
- Add additional notes (optional).
- Select the checkbox, I have read, understand and agree to the information and terms above, and click Submit. A confirmation page will appear.

Plan Management & Renewal

Online Resources

There are many online tools to help you manage your Health Savings Account. Please take some time to look around the website and learn about these tools. For example, online you can review your notification history and access any of the forms associated with your Plan that you may need.

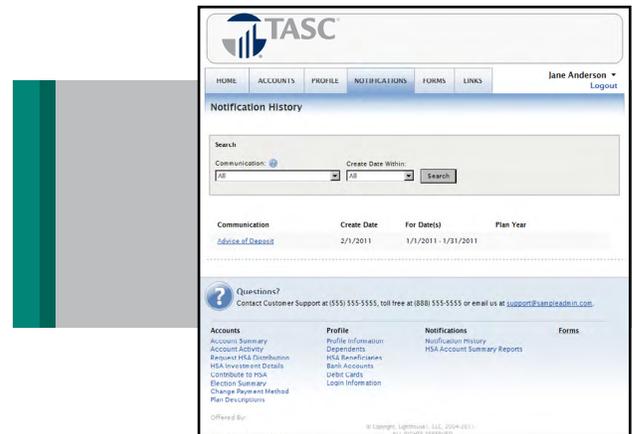
In addition, there is link tab on the site that provides access to the latest news about healthcare and consumer driven plans.

You can also access the health expense calculator and Web MD for advice and guidance about your healthcare.

Browser Requirements

Following is a list of the browser software, and the minimum versions required to ensure proper functionality within the HSA Participant website.

Browser Software	Minimum Version Required
Internet Explorer (IE)	IE 6.0
AOL (uses Internet Explorer)	IE 6.0
Firefox	1.2
Netscape Navigator	7.0
Opera	9.1
Safari	1.3.2



Change of Payroll Contribution Elections

You may change your payroll contribution elections during the Plan Year. Just notify your employer of the change that you wish to make to your election and they will adjust your HSA contribution amount. In addition, each Plan year anniversary provides you the opportunity to change elections when re-enrolling for the next year.

Plan Year End

Near the end of the Plan Year you will have the opportunity to re-enroll in TASC HSA Plan. Your employer may change Plan parameters at this time as well. Any balances remaining in your HSA Plan will automatically carry forward to your new Plan Year.

HSA Coordination with a Flexible Spending Account

Only under certain circumstances may an employee establish and fund an HSA in addition to funding a limited purpose health flexible spending account. Both accounts may be funded as long as the benefits being reimbursed through the limited purpose health FSA are limited to benefits or costs not covered by the High Deductible Health Plan (HDHP) itself. For example, if the HDHP does not cover dental or vision expenses, the medical FSA may be established to reimburse only these expenses.

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