

Health Savings Account – HSA

It's your choice.  
CIGNA Choice Fund®



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## The details

### Your contribution

You have the option of making contributions to your HSA. You can:

- Allocate a certain percentage of your paycheck<sup>1</sup> before your federal income taxes are taken out; or
- Use a personal check or arrange an electronic funds transfer from your personal account.

Your employer may also make a contribution to your savings account to help you meet your health plan deductible. This amount counts toward your maximum annual contribution.

For 2011, your maximum annual contribution is limited to \$3,050 for individual coverage and \$6,150 for family coverage.<sup>1</sup>

- HSA holders ages 55 and older are eligible to make an additional catch-up contribution up to \$1,000 in the calendar year.<sup>2</sup>

*Please note, if you are enrolled in Medicare Part A or Part B you are not eligible to make or receive HSA contributions.*

Per IRS restrictions, maximum contributions are based upon maintaining enrollment in a qualified medical plan on the first day of the month for all 12 months of the calendar year. If you enroll for less than 12 months, you are eligible to contribute 1/12 of the maximum for every month you are enrolled in CIGNA Choice Fund HSA. If you contribute the full annual maximum, you must satisfy specific requirements to avoid any tax penalties:<sup>2</sup>

- You must remain enrolled through December 1st of the taxable year.
- You must maintain continuous enrollment in the plan for an additional 12 months through the end of the following calendar year.

### Your health savings account

Once you open your health savings account, the money deposited there is yours. This gives you a number of advantages:

- **Interest** – Your savings account earns interest, much like a regular interest-bearing bank account. Interest is calculated daily and posted to your account monthly. You are not responsible for paying federal income tax on this interest.

- **Investment Options** – Once your account balance reaches \$2,000, you will have access to investment options<sup>3</sup> through your HSA and JPMorgan Chase. Additional information is available on myCIGNA.com.
- **Tax-Sheltered Savings Tool** – You may opt to pay your qualified health expenses out of your own pocket and use your account to save for medical expenses in future years, even after retirement.
- **Portability** – If you change employers or retire, you can take your savings account with you. You can leave the money in your account or withdraw it and receive a check. However, if you choose to make a withdrawal, you will need to redeposit the money into another HSA to avoid possible penalties. Consult your tax advisor for details.

### Using your account

#### Debit card, checkbook and online bill pay

These are three convenient ways you can access the money in your HSA.<sup>3</sup>

The CIGNA Choice Fund/Chase Master Card® **debit card** draws money directly from your HSA. You can use your debit card to pay for eligible services at your doctor's office, pharmacy, or other locations where you purchase health-related items or services.

Your **checkbook** works just like your personal checkbook – with the exception that it draws from your HSA. Use your checks to pay for your doctor's services or to reimburse yourself for expenses you've paid out of your own pocket.

**Online Bill Pay** lets you pay eligible medical expenses directly from your HSA. Once enrolled, you will be able to monitor, manage and schedule payments online, anytime. Payments can be scheduled on a one time or repeating basis.

#### Automatic Claim Forwarding (ACF)

You also have the option of having CIGNA automatically pay your medical expenses directly from your savings account.

Your doctor or other health care professional will submit claims directly to CIGNA for payment. With automatic claim forwarding, CIGNA will then automatically use money from your HSA to pay your doctor for claims eligible under your medical plan.

You can choose to add or remove ACF any time during the year at myCIGNA.com.

<sup>1</sup> Limits for future years will be set by the IRS.

<sup>2</sup> If you do not meet both requirements, the contributions made in excess of what you were entitled to make must be included in your gross income and are subject to an excise tax.

<sup>3</sup> Fees and charges may apply. See your JPMorgan Chase HSA application for details.

## A health plan plus a **Health Savings Account (HSA)**

The CIGNA Choice Fund® Health Savings Account provides a health care plan with a tax-free\* health savings account you establish through your employer with JPMorgan Chase. You, your employer or both may contribute to your account, up to the federal limit.

With the health coverage, you'll pay an annual deductible before your health plan begins to pay for eligible expenses. Once you meet your deductible, you pay a percentage of the cost (coinsurance) for your covered expenses and the plan pays the rest.

You can choose to pay for your share of the costs up to your plan's out-of-pocket maximum by using your HSA, other personal money or both.

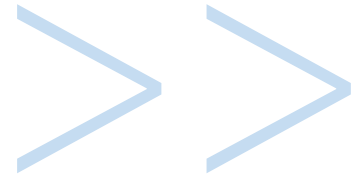
The amount used from your HSA for services covered under your health plan helps you meet your annual deductible; whatever you don't use earns interest and remains yours.

### Features:

- Choose the doctors you want to see – no referral needed to see a specialist.
- Preventive care is covered at no cost to you when received in-network.
- You decide how and when to use the money in your HSA – pay for qualified expenses during the year, save it for future needs or use it to open an investment account.
- You're protected by an out-of-pocket maximum – once you meet the maximum, your plan pays covered expenses at 100%.
- Take the account with you when you leave the plan, change jobs or retire.

Refer to your coverage details for plan-specific information.

### Example

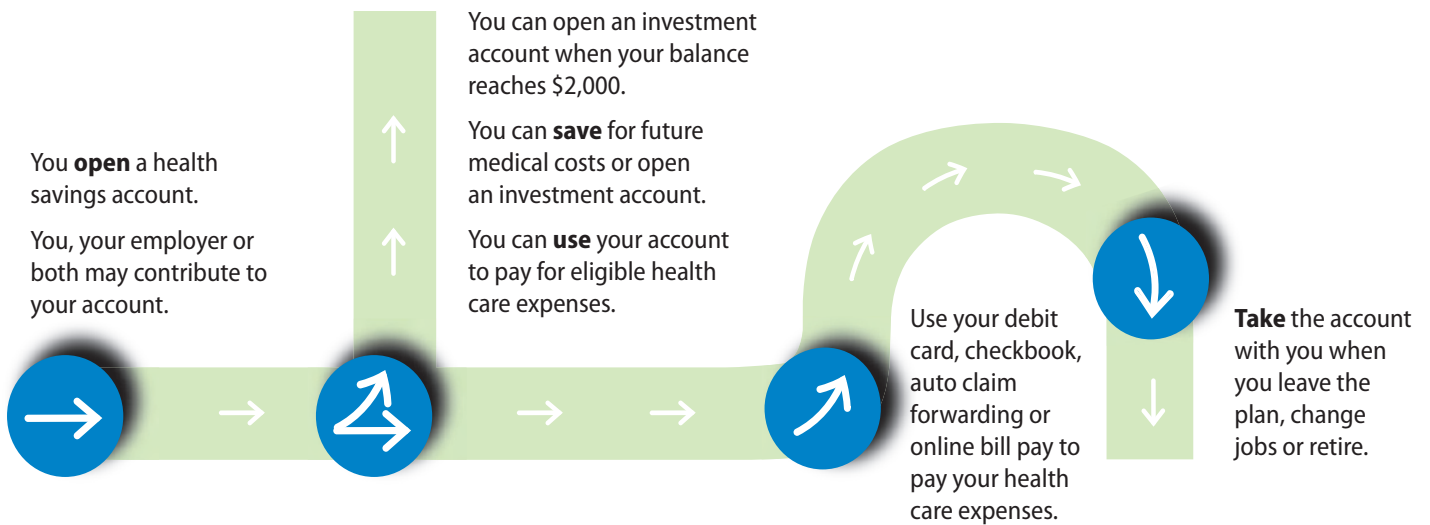


### Carlos

Carlos is a 35-year-old man who is healthy, with the exception of an occasional sports injury. He enrolled in the CIGNA Choice Fund HSA that includes a \$1,750 deductible and a medical plan with 90% coinsurance payments for in-network services. Here's how CIGNA Choice Fund works for Carlos.

\* HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. We have identified the following states as having these tax considerations: Alabama, California, New Hampshire, New Jersey and Wisconsin.

## How it works



For details about your company's specific plan, see the Summary of Benefits included with your enrollment materials.

Year 1

Year 2

<b>Carlos opens his HSA with an initial contribution</b>	<b>\$1,000</b>	<b>Carlos' beginning balance</b>	<b>\$605</b>
Carlos has his annual preventive care exam that is covered 100% by the medical plan	\$0	Carlos makes an additional contribution to his HSA	+\$1,000
He also receives care for his sports injuries:		<b>Carlos' HSA balance</b>	<b>\$1,605</b>
• Visit to an urgent care center	\$70	Carlos has his annual preventive care exam that is covered 100% by the medical plan	\$0
• Visits to a sports medicine specialist	\$160	He also receives care for his sports injuries:	
• Fills 2 Prescriptions	\$165	• Visits a specialist (2 visits, 2 x \$160)	\$320
<b>Total medical expenses applied to plan deductible</b>	<b>\$395</b>	• Fills 1 prescription	\$75
Paid from Carlos' HSA	-\$395	<b>Total medical expenses applied to plan deductible</b>	<b>\$395</b>
<b>Carlos' HSA balance at end of year 1 (\$1,000 minus \$395)</b>	<b>\$605</b>	Paid from Carlos' HSA	-\$395
		<b>Carlos' HSA balance at the end of year 2 (\$1,605 minus \$395)</b>	<b>\$1,210</b>

These costs and plan features are for example only and may not reflect your actual experience. For simplicity, the example does not include interest or fees.

## Tax advantages

### Your contributions are not subject to income tax.

Your payroll contributions are deducted from your paycheck pre-tax, meaning they are not subject to current federal and state taxes.

Here's an example of how your HSA can work. Based on an annual contribution of \$2,500 and expected tax rates indicated below, your estimated tax savings could be:

Remember, if the money is used for products or services that are not qualified medical expenses, the amount will be taxable as income and subject to an additional tax penalty.

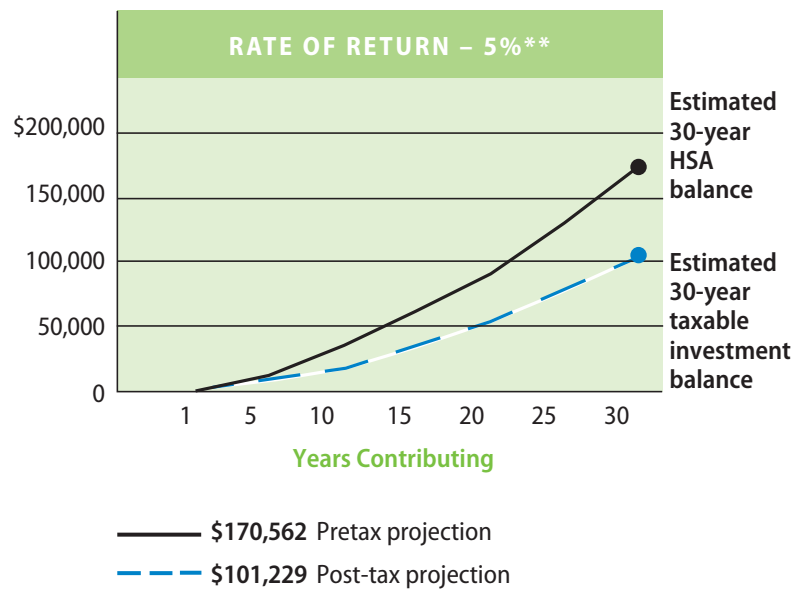
### \$2,500 Annual HSA Contribution

Federal Tax Rate	State Tax Rate	Payroll Taxes	Estimated Annual Savings
15%	5%	7.7%	\$691
25%	5%	7.7%	\$941
28%	5%	7.7%	\$1,016

### Your HSA balance earns interest – tax-free

With CIGNA Choice Fund HSA, any earnings on your contributions grow tax-free.<sup>1</sup> In other words, earnings on your HSA dollars are not subject to taxation. So instead of paying taxes on interest and investment earnings each year, more of your money can stay in your account to keep growing. Over time, this feature, in combination with compound interest, can have a powerful effect.

### Projected HSA balances vs. taxable investment



Estimate your tax savings and future account value  
at [www.cigna.com/HSA\\_calculator](http://www.cigna.com/HSA_calculator).

\*\* Assumes a 5% rate of return, a Federal Income Tax Rate of 28%, and a State Tax Rate of 5%.

## CIGNA Choice Fund **gives you more**

CIGNA Choice Fund gives you access to a wide variety of programs and services that can help you maximize your health care investment while improving your health and well-being.

### Good Information for Better Health

Nothing is more important than your good health. That's why there's myCIGNA.com® – your online home for assessment tools, plan management, medical updates and much more.

On myCIGNA.com you can:

- **Choose** your doctor and create a personalized list of nearby doctors, hospitals and pharmacies.
- **Verify** plan details such as coverage, copays and deductibles.
- **Track** claims and account balances.
- **Manage** your health care finances with the user friendly Quicken Health Expense Tracker<sup>SM</sup>.
- **Keep track** of medical conditions, medications, allergies, surgeries, immunizations and emergency contacts.
- **Complete** a confidential online health assessment, and find personalized health and wellness recommendations.
- **Learn** about health conditions, treatments and medications using an interactive medical library.
- **Find** information and estimate costs for specific medical procedures and treatments.

### Caring for you in sickness and in health

At CIGNA, we focus on helping to keep you well. That's why preventive care services are covered at no cost to you when you receive them from a doctor who participates in the CIGNA network. Covered preventive care services include well visits, screenings and routine immunizations.

### Health care at a lower cost

Our broad national network of doctors, hospitals and other health professionals have agreed to accept discounted payments to help you make the most of your dollars. You can see a doctor or other health care professional of your choice, even if he or she does not participate in a CIGNA network. However, your costs will be lower if you see a CIGNA-contracted health care professional.

### Your health advocate

Health advocates – professionals trained as nurses, coaches, nutritionists and clinicians – are available to listen, understand your needs and help you find solutions. Even when you're not sure where to begin, you'll get confidential assistance from reliable, compassionate professionals. Partner with a health advocate to take an active role in your health:

- **Discuss** your health assessment results.
- **Learn** how to access telephone seminars.
- **Learn** to better manage conditions, including low back pain, osteoarthritis, high blood pressure, high cholesterol and more.
- **Get** unbiased advice on treatment options so you and your doctor can make decisions that meet your health needs and work best for you.
- **Ask** personal questions about your health coverage and get help finding your way through the health care system.

### A phone call away

Any time you need us, call the toll-free number printed on the back of your CIGNA ID card. We are here 24 hours a day, 7 days a week.

- We'll answer questions, resolve problems and make sure you're satisfied with your CIGNA plan.
- If you want to speak with someone in Spanish, we have bilingual representatives. We also have services that can translate 150 other languages.
- You can order an ID card, update insurance information and check claim status.
- Nurses can offer detailed answers to your health questions and help you decide where and when to seek medical attention.
- You also can learn more about hundreds of health topics through our library of podcasts.

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