



KeyBank HSA. A new plan. A wiser view.

2011
Introducing the KeyBank Health Savings Account (HSA)—a new type of account that gives you flexibility while helping you manage rising health care costs. If you are enrolled in a High Deductible Health Plan (HDHP), you could be eligible to make tax-deductible contributions into a KeyBank HSA. In addition to your contributions earning tax-advantaged interest, your employer may also elect to contribute to your HSA—which will allow you to make the most from your account. Note that the ~~2009~~ maximum contribution from you and/or your employer cannot exceed ~~\$2,000~~ for individuals or ~~\$5,950~~ for families.

\$ 3,050 \$ 6,150

Here's how it works.

The KeyBank HSA is an interest-bearing account that gives you the ability to make tax-free withdrawals to pay for trips to the doctor, filling prescriptions or other health care related expenses. Simply make contributions to your KeyBank HSA through payroll deductions, direct deposit, deposits at any Key Branch, or by mail.

When you need to make withdrawals for qualified medical expenses, just use your KeyBank HSA checks, debit card or make payments or transfers using Online Banking and Key Bill Pay. You will not be taxed on these withdrawals as long as they meet the necessary qualifications. (A more detailed list of qualified medical expenses can be found at www.irs.gov/pub/irs-pdf.p502.pdf.) Be sure to save receipts for your tax records.

Unlike a Flexible Spending Account, any unused funds carry over to the next year, without any "use it or lose it" rules. And, an HSA never needs to "roll over" like a 401(k)—whether you leave your job, relocate or become unemployed, your KeyBank HSA remains active and goes with you.

What you'll need to open an HSA.

A KeyBank HSA works in conjunction with a High Deductible Health Plan, so you must be enrolled in an HDHP to be eligible. Also, you cannot be currently covered by Medicare or by another health insurance plan. Lastly, you cannot be a dependant on someone else's tax return. (See IRS Publication 969 for more information on eligibility requirements.)

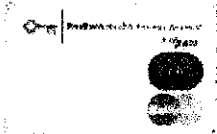
Once your application is submitted, you'll receive a Welcome Kit containing important account information. You should review the information carefully and immediately return all completed and signed documents in the business reply envelope. You can set up direct deposit with your employer, or if you are funding a new account by check, return it to KeyBank in the business reply envelope provided.

A unique account.

Your HSA Checking Account is a special-purpose checking account that pays a higher rate of interest than a traditional checking account with ability to invest excess cash in a Key Investment Services brokerage account. The brokerage account allows you to maximize your earnings while maintaining account accessibility (certain restrictions apply). The checking account balance must be at least \$3,500 in order to open the brokerage account. After investment, the balance in the checking account must be at least \$2,500.

A unique debit card to go with it.

Like a regular debit card, transactions with your MasterCard® HSA debit card are secure, and funds taken from the account are directly debited from your account. However, unlike a regular debit card, you may choose to customize your HSA debit card with a special feature called *Health Care Spending Protection*. Health Care Spending Protection is an optional feature that will only allow purchases on the card to be made for qualified medical expenses. (When you open your HSA, if you opt for Health Care Spending Protection, you will not be able to use your HSA debit card at gas stations, music stores, restaurants, etc.)



The HSA debit card also features PayPass™, a quick way to make purchases under \$25. Just tap your HSA debit card on the point of sale terminal, and you are on your way. It's fast, safe and secure.

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If you need more than one card (e.g., for your spouse), you may request one. However, the Health Savings Account is owned by you. Any secondary cardholder will only have debit card access; no other account information will be accessible to them. The following information is needed for additional debit cards (Name, Address, Social Security Number, Date of Birth, Driver's license number and expiration date, secondary form of ID such as a credit card).

Managing your HSA.

With our free Online Banking, you can access all of the detailed activity in your HSA, along with all of your other KeyBank information. You can view balances in your HSA Checking and FDIC-Insured Reserve accounts 24 hours a day, as well as access a history of transactions and images of checks. You can also receive online statements and track contributions and withdrawals. You can even monitor your spending by creating budget categories, reports and graphs of your expenses. And, if you'd like, you can also use your HSA to pay for qualified medical expenses through Online Banking's Bill Pay. Simply enter the payee's information, the payment amount and the payment date. To enroll in Online Banking, go to Key.com and follow the simple instructions. You will need your social security number, HSA Checking Account number, HSA debit card number and your e-mail address. It only takes a couple of minutes.

Key HSA responsibilities and reminders. Yours and ours.

It's very important that you keep track of your HSA expenses, balances and contributions. When it comes to your expenses, please remember that your funds can be used tax-free for qualified medical expenses, and if you do use funds for anything else and you're under the age of 65, you'll be subject to income tax and incur a 10% penalty. Account holders who are age 65 and over can withdraw funds tax-free if they are used for health care expenses, and only are subject to income tax if the funds are used for any other reason. The 10% penalty doesn't apply to account holders 65 or over.

Also, check your transactions and balances often. The easiest way to do so is through Online Banking, where transactions will be recorded on a daily basis. You can also receive monthly statements online or we can ma