



NORTHWESTERN UNIVERSITY

Health Account Plan

Summary Plan Description

2012

Plan Highlights

- The purpose of the Health Savings Account (HSA) Plan is to provide a tax-savings plan for paying out-of-pocket health care expenses. It also allows you to save for future qualified medical and retiree health care expenses on a tax free basis.
- To be eligible to participate in the HSA account, you must first be enrolled in the Value PPO Plan.
- Participation in the HSA Plan is available to all University staff scheduled to work a minimum of 17.5 hours per week (half-time) and to faculty and exempt staff who are appointed on at least a half-time (50%) basis.
- HSA contributions are made on a “pre-tax” basis. This means that deductions are not subject to federal or state income taxes or Social Security and Medicare taxes under the Federal Insurance Contribution Act (FICA). As such, pre-tax payroll deductions may result in higher net income.
- The earnings and distributions from this account are tax free.
- The maximum annual contribution amount is:
 - \$1,400 for single coverage
 - \$2,800 for family coverage
 - \$1,000 additional above the annual contribution for individuals who will be age 55 or older by the end of the calendar year

In 2012, the IRS has limited the Annual Contribution allowable to \$33,100 for an individual with self-only coverage and \$6,250 for family coverage. You cannot contribute to an HSA if you are *entitled* to Medicare. *Entitled* to Medicare means that you’re eligible, you’ve filed an application to receive Medicare Part A or have been approved automatically, and your name is already in the system—or that the application has been processed and you’ve been sent a Medicare card showing the date your coverage starts

1. If you’re eligible for Medicare *but have not filed an application for either Social Security retirement benefits or Medicare*, you need do nothing. You can continue to contribute to your HSA after age 65 and postpone applying for Social Security and Medicare until you stop working. There is no penalty for this delay.
 2. If you’re entitled to Medicare because you signed up for Part A at age 65 or later *but have not yet applied for Social Security retirement benefits*, you can withdraw your application for Part A. (To do so, contact the Social Security Administration at 1-800-772-1213.) There are no penalties or repercussions and you are free to reapply for Part A at a future date.
 3. *But if you have applied for, or are receiving, Social Security benefits*—which automatically entitles you to Part A—you cannot continue to contribute to your HSA. And in these circumstances, the only way you could opt out of Part A is to pay back to the government all the money you’ve received in Social Security payments, plus everything Medicare has spent on your medical claims.
- The University matches HSA contributions on a dollar for dollar basis up to one-half the annual contribution for the first year of participation only. This does not apply to the over age 55 contribution.
 - Outstanding balances as of the end of the calendar year may be rolled over to the next year.
 - Individuals must re-enroll in the HSA Plans during the annual Open Enrollment period in order to continue participation during the next calendar year.

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Purpose

The purpose of the Health Spending Account (HSA) Plan is to provide a tax-free savings plan for paying out-of-pocket health care and health related expenses.

Plan Administrator

The University is the Plan Administrator and has the responsibility for operating and interpreting the Plan. Day to day administration of the Plan is performed by the Payflex.

Account Administrator

Payflex administers the HSA accounts.

For Further Information

The information contained in this Summary Plan Description is intended to summarize the major features of the HSA Plan. It is not intended to be a complete explanation or list of benefits provided by the HSA Plan.

Continuation of the Plan

The University intends to continue this Plan indefinitely, but reserves the right to modify or terminate the Plan at any time with or without notice.

Participation in this Plan is provided to eligible faculty and staff and does not constitute a guarantee of employment. Participation in the Plan also requires continued employment and eligibility and is subject to the terms and conditions of the Plan Document.

Eligibility

This section summarizes eligibility requirements for participation in the Health Savings Account (HSA) Plan.

Salary Requirement

An individual must receive University compensation paid by the University's payroll system and his or her University salary must be sufficient to cover the amount of monthly contribution.

Employee Classification

Faculty and staff must be paid from the University's payroll system and receive sufficient University income to cover specified premium amounts.

Faculty

Faculty must be appointed on a full-time or part-time (half-time or greater) basis for the entire academic year or on a full-time basis for half the academic year. The University defines half the academic year as either one semester or 2 consecutive quarters.

Staff

Staff must be scheduled to work a minimum of 17.5 hours per week to be benefits eligible. Full time staff must work a minimum of 35 hours per week.

Academic Full-Time and Half-Time Faculty

Such individuals must be compensated exclusively by one or more of the following affiliated McGaw Medical Center institutions including the University, Northwestern Memorial Hospital (NMH), Northwestern Medical Faculty Foundation (NMFF), Children's Memorial Hospital and its related faculty practice plans, the Rehabilitation Institute of Chicago, and the VA Lakeside Medical Center.

NMFF income does not qualify to cover the amount of monthly premium deductions.

Contributed Service Faculty

Medical School faculty who volunteer to participate in the academic activities of the Medical School without direct financial compensation. Such individuals are not eligible to participate in the HSA Plan.

Phased Retirement Faculty

Faculty who enter into a Phased Retirement Agreement are eligible to participate in the HSA Plan.

ROTC Faculty

Individuals who serve as full-time faculty for ROTC and NROTC programs on campus **are not** eligible to participate in the HSA Plan.

Post Doctoral Fellows

Individuals classified as a Post Doctoral Fellow and appointed on at least a half-time basis are eligible to participate in the HSA Plan.

Post Doctoral Fellows – NRSA

Individuals classified as a Post Doctoral Fellow funded by a National Research Service Award (NRSA) from the National Institutes of Health (NIH) **are not** eligible to participate in the HSA Plan.

Visiting Scholars

Individuals classified as a Visiting Scholar, appointed on at least a half-time basis, **are not** eligible to participate in the HSA Plan.

Visiting Personnel

Individuals with academic appointments of half time or greater appointment at the rank of professor, associate professor and assistant professor and paid by the University are eligible to participate in the University's HSA Plan. Visiting personnel without academic appointments inclusive of Pre-Doctoral Fellows are not eligible to participate in the HSA Plan.

Disabled Individuals

An individual who becomes permanently and totally disabled while working for Northwestern University and is receiving University-sponsored Long Term Disability benefits remains eligible to participate in the HSA Plan.

Individuals on a Leave of Absence

An individual on a paid leave of absence may continue making contributions by payroll deduction to his or her HSA account. An individual on a leave of absence without pay may continue to make contributions to the plan on an after tax basis.

Reduced Work Calendar Staff

An individual whose department work schedule is less than the standard 26.1 pay periods per year continues to be eligible to make contributions to his or her HSA.

Retired Individuals

An individual who retires from University employment **cannot** continue to add contributions into this account once enrolled in Medicare benefits.

Deceased Individuals

A spouse or dependent child of a deceased individual is not eligible to participate in the HSA Plan other than to receive reimbursement for services received prior to the individual's death.

Other Eligible Individuals

Spouse

A spouse must be legally married to and have his or her principal residence with the eligible individual.

Surviving spouse and children of a deceased individual

An eligible spouse or dependent child of a deceased individual or retired individual may continue to receive reimbursement for services up to and including the date of death but may not make contributions to the HSA Account.

Domestic Partner

An individual's same gender or heterosexual domestic partner and eligible dependent children of the domestic partner **are not** eligible for HSA participation.

Dependent child

Coverage is extended to a dependent child through age 25.

Dependent children also include unmarried natural, step, legally adopted children, and any children who are in an individual's custody under an interim court order prior to the finalization of adoption proceedings.

Any children who are dependent upon an individual for financial support and maintenance because of mental or physical disability will be eligible regardless of age.

Dependent children do not include foster children or grandchildren.

The University requires proof of dependent status in determining eligibility for HSA plan coverage.

No individual may be covered more than once under the University's benefit plans.

Parents and grandparents

An individual's parents, grandparents and in-laws **are not** eligible to participate in the HSA plan.

Duration of Eligibility

Participation in the Plan may continue for as long as an individual remains an eligible individual and receives a University salary.

Summary

The purpose of the HSA Account is to provide a tax-savings program for an individual to be reimbursed for out-of-pocket expenses not covered by an individual's medical, dental, vision or prescription plans or a spouse's plan. Individuals who elect to participate in the PPO Value Plan and HSA Account may elect to also participate in the Limited Use FSA Health Care Account. This account allows you to pay for dental and vision expenses after you have met your health plan deductible. You may also claim additional health care expenses after meeting your health plan deductible.

Eligible faculty and staff may choose to participate or waive participation in the HSA Plan.

Contribution Limits

The maximum monthly contribution under the HSA Account is:

\$1,400 for You Only coverage

\$2,800 for You plus Family coverage

For individuals age 55 and older by December 31, 2012 an additional "catch-up" contribution of \$1,000 is also allowed through payroll deduction.

In 2012, the IRS has limited the Annual Contribution allowable to \$3,100 for an individual with self-only coverage and \$6,250 for family coverage.

Eligible Expenses

Expenses that qualify for reimbursement under the Health Savings Account must meet the following requirements:

- The expense must not be covered by another health, dental or vision plan or spouse's plan or Medicare or TriCare.
- The expense must be included in the IRS list of eligible tax deductible expenses. A complete list may be obtained by calling the IRS at
- 1(800) 829-3676 and asking for IRS publication #502 *Medical and Dental Expenses*
- The expenses must be incurred by the participant or his or her eligible dependents (spouse and any children).

To qualify, the dependent must be claimed as a tax exemption on the individual's federal income tax return.

Eligible expenses can be taken either as a tax deduction on the annual federal income tax return (IRS form 1040) or used toward Health Care Account reimbursement.

An individual must select one method or the other because a deduction cannot be claimed for an expense that has been reimbursed from the HSA account.

Benefits

This section summarizes advantages offered by the HSA Plan. Benefits offered by the University's HSA Plan include:

- Tax savings. You own, manage and make contributions into your HSA account with pre-tax payroll deductions which lower your taxable salary.
- Earnings. The interest or investment returns earned by your HSA are not taxed.
- Withdrawals. Withdrawals from the HSA account are tax-free when used to pay for health care services (including retiree health insurance premiums).
- Portable. When you leave, the remaining money in the account is yours. Or even if you switch health plans whilst working at NU, the remaining money in the account is yours to keep.
- Cobra. The account may be used to pay for COBRA extended insurance premiums, however, if you leave the University, you will have to pay the administrative fees on your HSA.
- Age 65. Once you turn age 65, you may use your HSA for nonmedical expenses. The amount used is taxable income; however, there is no penalty.
- Qualified medical expenses. You may use this account to pay for, long-term care insurance premiums, medical insurance premiums while receiving federal or state unemployment compensation, and may be used to pay for your Medicare Part A and B premiums once retired.

Contributions

This section summarizes contributions for the HSA Plan.

Contribution Tax Status

Contributions are deducted from paychecks on a pre-tax basis. This means that the contribution amount is excluded as taxable earnings.

Contribution Deduction Schedule

For individuals who are paid on a bi-weekly basis, contributions are deducted from the first and second payroll of each month.

For individuals who are paid on a monthly basis, contributions are deducted from the paycheck issued the last working day of each month

Contributions are deposited to an individual's account (for individuals who are paid on a bi-weekly basis) on a bi-weekly basis. Contributions are deposited to an individual's account (for individuals who are paid on a monthly basis) at the end of that month.

Enrollment Procedures

This section summarizes enrollment procedures and deadlines.

Initial Hire or Benefits Eligibility

An individual must enroll in a HSA Plan by completing the online enrollment process through Self Service no later than 31 days from the date of hire or initial benefits eligibility. Employees who do not enroll or waive coverage will automatically have coverage waived. Proof of dependency will be required prior to adding a dependent. Examples of such documentation include:

- Birth Certificate
- Marriage Certificate
- Adoption Certificate
- Court Ordered Document of Legal Custody
- Copy of Federal Tax Return

Foster Care paperwork After Hire or Initial Benefits Eligibility

After hire or initial eligibility, an individual may elect HSA participation, change the amount of the contribution as a result of marriage, birth or adoption of a child provided the individual notifies the Benefits Division and completes the enrollment process by completing the Benefits Enrollment and Change form within 31 days from the date of a change in family status. Proof of dependency is also required at that time.

Re-enrollment Requirement

Faculty and staff must re-enroll in the HSA plan in order to continue participation for the next calendar year.

Effective Dates of Coverage

This section summarizes coverage effective dates for HSA Plan coverage.

Initial Hire or Benefits Eligibility

The effective date of HSA coverage is the first of the month following the date of hire or initial benefits eligibility. Effective July 1, 2010, employees hired on the first of the month are eligible for benefits as of the date of hire. Those hired in the middle of the month must still wait until the first of the following month.

After Initial Eligibility

The effective date of HSA coverage is based on the date of a qualifying change in employment or family status. An individual may drop HSA coverage by submitting a completed benefit withdrawal form to the Benefits Division no later than 31 days from the date of a qualifying change in family or employment status. The effective date of HSA coverage elected during Open Enrollment is January 1st.

Changes in Employment or Family Status

Leaves of Absence

An individual may continue to submit HSA claims for services received during the period he or she was actively making contributions to the HSA Account. Contributions may not be made to the HSA account during an unpaid leave period.

Termination of Employment

Participation in the HSA account generally ends on the last day of work or when employment is terminated or an individual no longer meets the eligibility requirements (i.e., change to a position not eligible for benefits).

Retirement

An individual may not continue to participate in the HSA account after the retirement date.

ERISA Rights

Each participant in University sponsored benefit plans is entitled to certain rights and protections under the Individual Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Plan participants will be entitled to:

- Examine, without charge, at the Plan Administrator's office, all Plan documents and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports (if any) and Plan descriptions.
- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may impose a reasonable charge for the copies.

In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of individual benefit plans.

For further information about ERISA rights, please refer to the Flexible Spending Account Summary Plan Description document available from the benefits web site:

<http://www.northwestern.edu/hr/benefits/plans/fsa/pdf/spd-fsa.pdf>

Summary

Name of Plan	Northwestern University Health Savings Account Plan
Plan Number	512
Date Established	January 1, 2007
Type of Plan	Fringe benefit plan
Plan Year	January 1 through December 31
Plan Sponsor – Employer	Northwestern University 720 University Place Evanston, IL 60208-1143 847 491-7513
Employer Identification Number	36-2167817
Plan Administrator	Northwestern University 720 University Place Evanston, IL 60208-1143 847 491-7513
Limited Use FSA Claim Administrator	PayFlex Systems USA, Inc. Flex Dept. P.O. Box 3039 Omaha, NE 68103-3039
HSA Account Administrator	PayFlex Systems USA, Inc. Flex Dept. P.O. Box 3039 Omaha, NE 68103-3039
Agent for Service of Legal Process	Office of General Counsel 633 Clark Street Evanston, IL 60208-1143
Contributions	Employer and individual paid