Agenda

• 2014 Tax Time

• Tips to Maximize Your HSA

• Open Question and Answer Session
2014 TAX TIME
Tax Guidelines for HSAs

• Why is tax filing required?
  – Individually owned account, not owned by Crane Co.
  – Individual must assure their HSA complies with IRS requirements
  – Allows IRS to validate that you:
    1. did not over contribute
    2. used money for legitimate qualified medical expenses for you and your dependents
    3. maintained qualified coverage during the tax year

• Dependents
  – Must meet qualifying child or relative definition
  – A qualifying relative is someone who is related to you either by blood or marriage
  – Parents who cover adult children under their HDHP may be unable to use HSA funds for their medical expenses, unless a tax-qualified dependent*
  – IRS Publication 502 has additional information along with a diagram that can be used to determine eligibility: http://www.irs.gov/publications/p502/index.html

*Disclaimer: These materials are not intended to provide individuals with tax or legal advice. You should consult your own tax or legal advisors if you have any questions regarding application of any of this material to a company or personal tax or legal situation.
Tax Guidelines for HSAs

• Contributions
  – **Pre-Tax Contributions**: Deductions for personal HSA contributions can be taken before calculating taxable income
  – **Post-Tax Contributions**: If deposits are made directly into an HSA (not through pre-tax payroll deductions), this is referred to as a post-tax contribution
    • Reminder: be sure to take this deductions when filing taxes, as it will reduce your adjusted gross income.

• Contribution Maximums
  – Federal IRS regulations set the maximum contribution amount based upon
    • Single or Family Coverage
    • If the member has reached (or will reach) age 55 in the tax year
  – If member and spouse each have their own HSA, then the contributions for both accounts combined cannot exceed the family maximum amount
  – Maximum contribution amounts:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Coverage</td>
<td>$3,300</td>
<td>$3,350</td>
</tr>
<tr>
<td>Family Coverage</td>
<td>$6,550</td>
<td>$6,650</td>
</tr>
<tr>
<td>Catch Up Contribution (age 55+)</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
Tax Guidelines for HSAs

• Prior Year Contributions
  – Calendar tax payer has until the IRS tax deadline (typically April 15th of the following year) to make contributions to the current year
  – Prior year, post-tax contributions may be made by personal check to The Bank of New York Mellon (BNY Mellon)
  – Use the deposit slips from the checkbook or download a deposit slip through www.mybenefitwallet.com
  – Prior year contributions need to be marked “PRIOR YEAR” on the deposit slip to be posted correctly

• Distributions
  – Non-taxable if used for qualified medical expenses
    • Health insurance premiums not included, except for:
      – Long-term Care services/insurance (subject to limits)
      – COBRA premiums
      – Health insurance premiums for those on unemployment compensation
      – Medicare Part A, B, D and Medicare Advantage premiums (not Medigap)
      – Over-the-counter items not eligible, unless prescribed by a doctor
Tax Guidelines for HSAs

• Distributions – Additional Tips
  – Balances left in an HSA at year-end roll over to the next year
  – Members over 65 may use HSA funds as ordinary income, but subject to income tax (no penalty)
  – Funds in the HSA can still be used for qualified medical expenses, even if the member is no longer enrolled in a qualified HDHP
  – Members are responsible for ensuring that expenses paid from the account are qualified medical expenses
  – If under 65 and funds are used for non-qualified expenses, 20% penalty applies

• Distribution – Reconciling Incorrect Distributions
  – Incorrect distribution can be corrected
  – Must be clear and convincing, reasonable error, from a factual mistake
  – Must repay by no later than the IRS tax deadline (typically April 15th) following the first year you become aware of the mistake
  – Under these circumstances the distribution is not included in gross income and penalty does not apply
  – Use deposit slip to reconcile
HSA Tax Filing Forms

• You must report HSA contributions (yours and those from a company made on your behalf) and distributions on your tax filing
  – File Form 8889 with Form 1040/1040NR

• In January/February, you received tax forms from:
  – BenefitWallet
    • Form 5498-SA: will show contributions
    • Form 1099-SA: will show distributions
  – Crane Co.
    • Form W-2: will show employer contributions
  – Any corrections made after January 1st will prompt corrected forms to be issued by May 31st. Forms can be found on www.mybenefitwallet.com.
Tax Resources and Support

• Websites
  – www.mybenefitwallet.com

• IRS Phone Numbers
  – Individuals: 800-829-1040
  – Businesses: 800-829-4933

• BenefitWallet Service Center: 877-472-4200
TIPS TO MAXIMIZE YOUR HSA
At the Doctor’s Office

• Doctors are experts at medicine, not insurance. Discuss your HSA with your doctor
  – **I’m enrolled in an HSA Plan**: lets doctor know services are paid differently than traditional plans.
  – **Is service considered preventive?** Health care reform mandates preventive care covered at 100%. Be sure to specify if you feel services are preventive, rather than related to injury, illness or condition. Must be coded by doctor as preventive.

• If your doctor prescribes additional services, be sure to ask:
  – **What is the likely course of treatment and what can I expect to spend?** It’s your money; understand what may happen for your treatment.
  – **Are there discounts available for direct “cash” payment?** Some providers will offer a considerable discount if you pay them directly from your HSA or personal bank account (check or debit card), instead of the provider billing the insurance. You would then be sure that you submit an Anthem claim form to Anthem, along with a detailed invoice, to ensure charges are applied to your deductible/out-of-pocket maximum.
  – **Are there other treatment options?** Often diet, exercise and lifestyle changes can bring same result as medical treatment
  – **Can I get a second opinion?** Not a negative reflection on your doctor. An outside look may result in a different outcome or peace of mind for you.
Maximizing Referrals

- Your doctor may refer you to a specialist, or to have high-cost imaging (MRI, EKG, etc.). In the past, you have taken your doctor’s referral or to the closest provider. To be an effective consumer, research alternatives.
  - **The cost may vary greatly.** Recent study by Archives of Internal Medicine, the charge for acute appendicitis across 289 providers ranged from $1,529 to $183,000.
  - **Technology affects prices.** Hospitals with newest and best equipment must recoup costs, therefore prices are typically higher.
  - **Centers of Excellence exist.** Anthem has hospitals that specialize in certain procedures. They maximize outcomes while minimizing costs and complications.
  - **Ask your doctor.** Where does he/she recommend? Are there alternatives he/she recommends?
  - **Anthem Care Comparison.** Anthem.com has an online tool to compare hospitals and other providers in your area. Will show average cost, complications, safety and patients/year.
  - **Confirm network status.** Be sure the providers you use are in-network. That will ensure costs are the lowest possible.
Sign in to Anthem.com, click on “Estimate Your Cost”

Enter your City & State or Zip Code

Select the member for which services pertain

Select the Procedure or Treatment
Estimate Your Cost

- Provider names and estimated out-of-pocket costs will appear.
- Cost estimates are based upon your deductible and out-of-pocket maximum met for the year thus far.
- Providers are typically in order of Least Expensive, however you can sort by other criteria.
- Contact the providers directly to get an accurate quote for services.
- You may also review “Facility and Quality Information” about each provider.
At the Pharmacy

• Consumer behaviors can be applied at the pharmacy as well. Do research and ask questions to ensure you’re paying the lowest price for the best products.
  – **The power of generics.** Ask your doctor if there is a generic equivalent. Same active ingredient, usually just as effective. Cost is generally significantly lower.
  – **Price a Drug tool.** Anthem.com offers a tool to price drugs in your area.
  – **Discount retailers.** Costco, Wal-Mart and Target may have lower prices. They can fluctuate, so check multiple pharmacies for the best price.
  – **Preventive medications.** Print the Anthem Preventive Drug List from CERC Online (www.cranecochoices.com) or Anthem.com, and bring it with you to your doctor’s office. These drugs are for conditions, such as high cholesterol, blood pressure and diabetes. Flat $5 copay for a 30-day supply, deductible waived. Can save you money and keep you healthy by continuing recommended maintenance medication.
  – **Mail Order.** AnthemRx partners with Express Scripts to provide you with a convenient and cost-effective option for maintenance prescriptions. You can obtain up to a 90-day supply of medication delivered to your home. Due to the bulk order, you will often pay a lower cost for a non-preventive medication, or only a $10 copay for a preventive medication.
Researching Your Drugs

- Great online tools to assist with pricing medication in your area, including www.goodrx.com.
  - Enter the Drug Name
  - Enter your location city or zip code
  - Click “Find the Lowest Price”

- Update your “Dosage” and “Quantity” on the left side
- Review the local retailers and contact them directly to verify cost
- Print any coupons available at that retailer
Researching Your Drugs

- Search online for other coupons, especially from the drug manufacturer.
  - Enter the Drug Name in “Google” or any search engine of your choice
  - Visit the “Official Site” for the drug
- Review important information about your drug, including the science and history behind it, as well as how long it’s been on the market
- Most sites have “Financial Help” or “Coupons” available to help eligible participants with the cost of an expensive brand name medication
- Print coupons and take them to your local retailer, or look into the mail order option through AnthemRx
Where To Go for Help

Crane Employee Resource Center
www.cranecochoices.com
(888) 435-3184
Monday – Friday (6 am - 5 pm PT, 9 am - 8 pm ET)

Anthem Blue Cross
www.anthem.com
(800) 574-3946
Monday – Friday (6 am – midnight PT, 9 am - 3 am ET)

BenefitWallet
www.mybenefitwallet.com
(866) 686-4798
Monday – Friday (5 am - 8 pm PT, 8 am - 11 pm ET)
Questions
HSA MEDICAL BENEFIT OVERVIEW
## HSA Medical Benefit Components

<table>
<thead>
<tr>
<th>Table Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preventive Care</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>Covered at 100% when received in-network</td>
</tr>
<tr>
<td><strong>Deductible</strong></td>
<td>All expenses apply to deductible except Preventive Care and Preventive Rx</td>
</tr>
<tr>
<td><strong>Cost-Sharing (co-insurance)</strong></td>
<td>Applies after deductible has been met</td>
</tr>
<tr>
<td><strong>Prescriptions</strong></td>
<td>Preventive / Maintenance prescriptions covered at $5 / month &lt;br&gt; All others subject to deductible then co-pays</td>
</tr>
<tr>
<td><strong>Out-of-Pocket Maximum</strong></td>
<td>The most you will pay for medical and Rx services in any one year; if you meet your OOPM, then all covered services and prescriptions will be covered at 100%</td>
</tr>
</tbody>
</table>

*<sup>Preventive Care</sup> includes annual physicals and services received along with the physical, not related to an illness, injury or condition. All services must be coded as “preventive” in order to be covered at 100%. Mention “preventive” when making the appointment with your provider.
# HSA Medical Benefits

## Prescriptions

<table>
<thead>
<tr>
<th>Definition</th>
<th>Covered prescriptions available through a pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How It Works</td>
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<tr>
<td></td>
<td>- Prescriptions are subject to the deductible</td>
</tr>
<tr>
<td></td>
<td>- Once the deductible has been met, then co-pays will apply</td>
</tr>
<tr>
<td></td>
<td>- Prescription co-pays count towards the Out-of-Pocket Maximum</td>
</tr>
<tr>
<td></td>
<td>- Prescriptions on Anthem’s Preventive Rx list are not subject to the deductible; instead there is a flat $5 co-pay for a 30 day supply</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Co-pays (30 day supply)</th>
<th>Generics</th>
<th>Brand - Formulary</th>
<th>Brand – Non-formulary</th>
<th>Specialty</th>
<th>Rx – Preventive List</th>
</tr>
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<tr>
<td></td>
<td>$5 co-pay after deductible</td>
<td>$35 co-pay after deductible</td>
<td>$50 co-pay after deductible</td>
<td>10% to $100 after deductible</td>
<td>$5 co-pay (no deductible)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mail-Order (90 day supply)</th>
<th>Generics</th>
<th>Brand - Formulary</th>
<th>Brand – Non-formulary</th>
<th>Specialty</th>
<th>Rx – Preventive List</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$10 co-pay after deductible</td>
<td>$70 co-pay after deductible</td>
<td>$100 co-pay after deductible</td>
<td>Not Available</td>
<td>$10 co-pay (no deductible)</td>
</tr>
</tbody>
</table>
HSA BANK ACCOUNT
HSA Bank Account

• The HSA Bank Account works like any other bank account
  – Crane Co. has partnered with BenefitWallet (BNY Mellon) to administer the HSA bank accounts
    • Account is FDIC insured
    • Crane Co. pays the monthly fee while you are enrolled in the plan
  – You own and manage the account (IRS only allows for one account owner)
    • Even if no longer employed by Crane Co.
    • Even if no longer enrolled in a HDHP (Crane Co. sponsored or other)
    • You decide how to spend the money (subject to IRS regulations)

• Bank Services
  • Online access to bank account, FAQs, additional resources
  • Debit Cards (first two cards are free; you can request additional cards for a fee)
  • Checks
  • “HSA Direct Pay”
  • Make deposits and withdrawals at any time (subject to IRS regulations)
HSA Bank Account
Opening Your Account

• Many of you have already opened your account during Open Enrollment. If so, no further action.
  – To verify your account status, you may log-in to Anthem.com (or link directly from CERC Online: www.cranecochoices.com).

• If you have not yet opened your bank account, please do so immediately, by following these instructions:
  – Go to CERC Online (www.cranecochoices.com)
  – Register / login
  – Under the “2014 Benefits” tab, click HSA Resource Center
    • Click the link under “Activating Your HSA Bank Account”
    • Review and/or update your personal information. If you have a PO Box as a mailing address you should provide a residential or physical address in the Residential Address fields. Then click “Submit”
    • Click “Accept” to accept the Banking Agreement and Disclosure Statement
  – You have now opened your HSA Bank Account and can access your account information online
  – These instructions are also posted on CERC Online

• NOTE: BenefitWallet will verify your identity
  – If they cannot verify your identity, they will request additional information via a packet mailed to your home address
HSA Bank Account
Putting Money In

- The IRS governs these accounts
  - Limits the amount that can go into your account each year
  - Anyone can contribute to your account
  - Contribute as often as you like through payroll deductions, online bank transfers, mail-in deposits (subject to IRS regulations). Note: Payroll deduction deposits may take up to 2 weeks to post to your BenefitWallet bank account.
  - Contribute for the current year by April 15th of the following year (check box on deposit slip to indicate ‘prior year deposit’)
  - Contribute only while enrolled in a qualified HDHP
  - Cannot contribute once enrolled in Medicare

<table>
<thead>
<tr>
<th>2014 IRS Maximum Annual Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single - $3,300</td>
</tr>
<tr>
<td>Family - $6,550</td>
</tr>
<tr>
<td>Employees 55+ can contribute an additional $1,000 each year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2014 Crane Co. Contribution to your HSA Bank Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single - $500</td>
</tr>
<tr>
<td>Family - $1,000</td>
</tr>
<tr>
<td>This amount is pro-rated if the effective date is February 1 or later</td>
</tr>
</tbody>
</table>

Triple Tax Benefit*
1. Goes in tax-free
2. Grows tax-free (interest earned is tax-free)
3. Qualified expenses are paid with tax-free withdrawals

*CA, AL, and NJ have special rules
You can spend the money any way you want, but there are rules . . .

- **Eligible health care expenses** – Money is not taxed if used for eligible expenses, including medical, dental and vision

- **Ineligible health care expenses** – Money is taxed and subject to 20% penalty. (Penalty waived if you are 65+)

- **Enrolled in Medicare** – While you can no longer contribute to the HSA Bank Account, you can spend any money in the account (see rules above)

- **Limited Flexible Spending Accounts** – While enrolled in a HSA plan, participation in a Health Care FSA is limited - the Limited Health Care FSA can only reimburse dental and vision claims.
HSA Bank Account

Fees

• Banking Fees
  – Crane Co. pays the monthly account fee ($3.25) while you are enrolled in one of the HSA plans
  – You are responsible for any additional fees, including:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper Statements (per month)</td>
<td>$1.25</td>
</tr>
<tr>
<td>ATM Usage Fee</td>
<td>$2</td>
</tr>
<tr>
<td>Debit Card Replacement/Add'l cards</td>
<td>$5</td>
</tr>
<tr>
<td>Check Reorder (first checkbook free)</td>
<td>$10</td>
</tr>
<tr>
<td>Non-Sufficient Funds</td>
<td>$25</td>
</tr>
<tr>
<td>Stop Payment</td>
<td>$25</td>
</tr>
<tr>
<td>Copy of Check, Statement or Other Doc</td>
<td>$5</td>
</tr>
<tr>
<td>Excess Contribution Reimbursement</td>
<td>$25</td>
</tr>
<tr>
<td>Legal Requests (per request)</td>
<td>$75</td>
</tr>
</tbody>
</table>
What forms will be provided to me at tax time?
BenefitWallet will send you one form with two sections: Form 1099SA notifies of distributions during the tax year and Form 5498-SA notifies of contributions made during the tax year. This is for your records and to assist with completing Form 8889 that will become part of your federal tax return. Forms are scheduled to be mailed by 1/31/14, to reach you by 2/15/14.

What happens if I contribute more than my annual maximum contribution?
You may withdraw the excess without penalty up until the deadline for filing your personal federal tax return (typically April 15th) plus extensions. After that time, the funds are subject to ordinary income and an excise tax. Please note that $25 will be deducted from your account to process a request to withdraw excess funds. This form is available on the CERC HSA Resource Center and the mybenefitwallet.com website.

How do I order additional debit cards and/or reorder additional checks?
The main account holder can call Anthem at (800) 574-3946 or go to Anthem.com and connect to mybenefitwallet.com and go to Account holder Services.

What happens to my account in the event I pass away?
The funds in the account will be made available to your designated beneficiary as follows:
- **Spouse** – account will be treated as an HSA account
- **Person other than spouse or an estate** – the account ceases to be an HSA account and the fair market value of the account becomes taxable income
Can I pay for out-of-pocket expenses with after-tax dollars instead of using money from my HSA bank account?
Yes. You decide which funds to use when paying for healthcare expenses. Many people pay for smaller expenses with after-tax dollars thus allowing their HSA balance to grow.

Who decides if my expenses are qualified?
IRS Section 213 defines “qualified expenses” (IRS Publication 502 describes these expenses). You are responsible for being familiar with this information and managing your expenses. A link to this publication can be found on CERC Online -> HSA Resource Center.

Can I use HSA money to pay for qualified expenses for my family members even if they are not covered by a qualified HDHP?
Yes, as long as they are dependents on your federal tax return.

Can I use HSA money to pay for qualified expenses for my enrolled family members even if they are not dependents on my federal tax return?
No – doing so may result in penalties associated with ineligible expenses. However, dependents who are enrolled on your HSA plan but are not on your federal tax return can open their own HSA Bank Account.

Will medical claims automatically be paid out of my HSA account?
No. You are the only one allowed to make withdrawals from the account. You may also designate your spouse or another trusted individual as signors on the account.
HSA Bank Account
FAQ: Contributions and Reimbursements

If I have elected to contribute to my HSA bank account through my payroll, how do I change the amount?
You may change this amount anytime you like, as often as you wish. Just visit CERC Online (www.cranecochoices.com) and click on “Change my Elections or Beneficiary” under the “CERC Enroll” box. This change will be effective within 2 pay periods.

I paid for my prescription with cash. Can I reimburse myself?
Yes, you may write yourself a check for the amount. Just remember to keep the paperwork from the pharmacy that shows the details of the expense. There is no time limit for reimbursing yourself.

What if I have an expense that is greater than the amount in my HSA Bank Account?
You can pay for the service using your personal accounts and then reimburse yourself from your HSA account once the balance is available. MAKE SURE YOU DO NOT OVERDRAFT THE ACCOUNT as you will incur fees for doing so. You may also want to consider working out a payment plan with the provider.

The provider issued me a refund for a service that I over paid. How do I put that money back into my HSA account? Will I be penalized?
You can deposit the money back using the deposit slips in the back of your checkbook and checking the box next to “return of incorrect distribution”. As long as the money is returned before the end of the tax year (typically April 15th), you will not be penalized.

Does BenefitWallet have an online bill pay feature?
Yes, BenefitWallet offers “HSA Direct Pay” which allows you to pay your providers directly through online transactions.
What is the minimum I can invest?
There is no minimum investment. Once your HSA checking account balance reaches $1,000 you may elect to transfer the excess balance to an HSA Investment Account.

How often can I change investments?
You can move your assets among investments as often as you like. You will have access to your HSA Investment Account online, 24 hours a day and 7 days a week.

Is there a fee for transferring funds back into my HSA checking account?
No. You can transfer HSA dollars back and forth between your BNY Mellon HSA checking account and your HSA Investment Account online, at any time. It is important to know that funds are not automatically transferred from your HSA Investment Account into your HSA checking (transactional) account to cover your health care expenses. Funds must be moved by the account holder to cover the usage of your HSA checks and debit cards.

Is there a fee associated with the HSA Investment Account?
There is a $2.90 per month fee to use the HSA investment platform. This fee is assessed on the 5th of each month to BNY Mellon BenefitWallet account holders who have registered an investment account. There are no additional transaction fees, loads or commissions.

NOTE: There is no guarantee of growth of your investment, and your investment may experience a loss. Different funds have different degrees of risk. You should consult BNY Mellon for more details on the fund families, or consult a Financial / Tax Planner for additional advice on investments.
ACCESSING YOUR ACCOUNT
Accessing Your Account

Anthem
www.anthem.com

Medical Claims Data

Deductible and Out-of-Pocket information
Accessing Your Account

Anthem

www.anthem.com

Overview

Link to BenefitWallet Account
Accessing Your Account

BenefitWallet
www.mybenefitwallet.com
(linked through Anthem.com)

Account Summary

Recent Claim Activity
Accessing Your Account

BenefitWallet
www.mybenefitwallet.com
(linked through Anthem.com)

Transaction Detail Report

Downloadable