

2012 Retiree FAQs

Health Savings PPO Medical Plan Option for Pre-Medicare Retirees

Which retirees are eligible for the Health Savings PPO medical plan option?

Pre-Medicare retirees who cover no Medicare-eligible dependents are eligible to enroll in the Health Savings.

Why can't pre-Medicare retirees enroll in the Health Savings PPO if they cover a Medicare-eligible dependent?

The DuPont medical plan groups you and your covered family members into the same medical plan option for administrative purposes. Retirees who are eligible for Medicare or who cover a Medicare-eligible dependent receive Indemnity benefits for themselves and their covered family members. The Indemnity option coordinates with Medicare, which is primary for individuals who are Medicare-eligible.

Can I elect the Health Savings PPO medical option for myself and keep my spouse in the Managed Care POS?

No. The DuPont medical plan groups you and your covered family members into the same medical plan option for administrative purposes.

If I elect the Health Savings PPO medical plan this year can I go back to the Managed Care POS next year?

Yes. Pre-Medicare retirees now have an annual enrollment opportunity, just like employees do. The medical option you elect during the fall annual enrollment remains in place through the full plan year (January 1 – December 31) unless you or one of your covered dependents become eligible for Medicare, resulting in a change to the Indemnity medical option.

What happens if I enroll in the Health Savings PPO and I or my covered dependent becomes Medicare-eligible?

When you or one of your covered dependents become Medicare-eligible (even if that happens before age 65 due to a disability), you and your covered dependents will be changed to the Indemnity medical option for the remainder of the year. You must call the MyInfo service center and provide your Medicare number (HICN); otherwise, the Medicare-eligible individual will be dropped from coverage.

Can I enroll in the Health Savings PPO if I'm covered by another employer's health plan?

Yes. Note that if you are actively employed, your DuPont coverage is secondary to that of your active employer. A plan that covers a participant as an employee is primary to a plan that covers the person as a retiree. If your spouse is actively employed and covers you as a dependent, DuPont is your primary coverage while your spouse has primary coverage through his/her employer. A plan that covers a participant as an employee or retiree is primary to a plan that covers a person as a dependent.

Do pre-Medicare retirees participating in the Health Savings PPO medical option receive a company contribution in a Health Savings Account (HSA)?

No. While the Health Savings PPO qualifies as a high deductible medical plan for purposes of enabling individuals to save money on a tax-advantaged basis in an HAS, the Company does not contribute to an HSA on your behalf. You may voluntarily elect to save money in an HSA on your own, using the investment bank of your choice. (DuPont uses Bank of America as the HSA trustee for active employee accounts.) Refer to IRS publication 969 available on the internet at www.irs.gov for information regarding HSA eligibility, claims, withdrawals, tax deductions, and other details.

If I participated in the active employee Health Savings PPO and still have money in my Bank of America HSA account, will I still have access to that money?

Yes. Upon retirement (or the end of your employment), your DuPont HAS automatically converts to an individual HSA. You will receive information from Bank of America regarding any account maintenance fees, investment options, and other information pertaining to your individual account.

Why doesn't DuPont maintain a group HSA with Bank of America for retirees?

Because DuPont does not contribute towards retirees' HSAs, the Company does not maintain a group HSA for retirees with Bank of America. Retirees may shop around for an HSA trustee, just as they do for other personal banking and investment services.

General FAQs about Health Savings Accounts

The following FAQs were copied from the Bank of America web site.

What is a Health Savings Account (HSA)?

A Health Savings Accounts (HSA) is a tax-advantaged savings account under Code Section 223 that an individual or an employee may establish and put money into on a tax-advantaged basis to save for current and future qualifying medical expenses. It also

allows individuals to take charge of how their health care dollars are spent. Designed to work together with an HSA-eligible health plan, an HSA can be used to pay for qualified medical expenses such as doctor visits, prescriptions and even some over-the-counter medications. The HSA is often referred to as a “medical 401(k)”, because the account is owned by the individual or employee (it is not a group plan), earns tax free interest, rolls over from year to year, and moves with the employees wherever they go: to a new job, a change in health plans or even in retirement

Who is eligible to set up a Health Savings Account?

Individuals and employees who meet the following requirements on the first day of a month are eligible to set up and contribute to a Health Savings Account during that month, provided they are:

- Already enrolled in or covered under an HSA-eligible health plan on the first day of the month.
- Not able to be claimed as a dependent on anyone else's tax return.
- Currently not entitled to Medicare benefits.
- Not enrolled in any non-qualifying health coverage that does not satisfy the statutory minimum deductible requirements of the IRS (unless that coverage is limited to certain permitted types of coverage or insurance). If they have a Flexible Spending Account or a Health Reimbursement Arrangement with their employer, or if they are covered under their spouse's Flexible Spending Account or Health Reimbursement Arrangement, they may not be eligible to open a Health Savings Account.

These conditions are subject to change. For more information, please go to <http://www.treas.gov/offices/public-affairs/hsa/>.

What is an HSA-eligible health plan?

For a health plan to be considered an HSA-eligible health plan, it must meet the following requirements established by the U.S. Department of Treasury:

- The minimum deductible must be at least \$1,200 (self-only coverage) or \$2,400 (family coverage).
- The annual out-of-pocket costs (including deductibles and co-pays) generally cannot exceed \$5,950 (self-only coverage) or \$11,900 (family coverage).
- Generally, no coverage can be offered below the statutory minimum deductible; however, HSA-eligible health plans can impose no (or a lower) deductible for certain types of services or treatments (such as preventive care and other permitted dental and vision expenses).
- There are no deductibles and out-of-pocket limits for non-network services.

The amounts listed are in effect for 2010 and are subject to annual cost-of-living adjustments.

Please note: An HSA-eligible health plan does not have to be an employer-sponsored arrangement. An individually issued insurance policy can also qualify if it otherwise meets the requirements.

What are the advantages of a Health Savings Account?

Individuals or employees who open a Health Savings Account receive the following benefits.

- **Tax savings:** Eligible individuals can save for qualified current and future medical expenses on a tax-free basis, and the funds they withdraw to pay for qualified medical expenses are also tax-free.
- **Balance rolls over:** The unused balance in the HSA carries over from 1 year to the next, so they generally do not lose any funds from their account.
- **Portability:** Unused funds contributed to an HSA can stay with you through all of your life changes, including a new job, new health plans, and retirement (subject to the terms of the custodial agreement).
- **Reduced health insurance premiums:** Individuals must first have an HSA-eligible health plan to qualify for an HSA. Since these plans have high deductibles, they usually require a significantly smaller monthly premium.
- **Tax-free growth:** Funds in the HSA can grow tax-free.

Please note: Federal and state tax regulations are subject to change. If tax, investment or legal advice is required, seek the services of a licensed professional.

Does the money in a Health Savings Account roll over year after year?

Yes, your Health Savings Account savings can be carried over year after year to pay for eligible health care expenses. There are no "use it or lose it" restrictions.

Who controls the use of funds in a Health Savings Account?

The individual account holder is in total control of deciding how to use the Health Savings Account funds, how much to contribute, when to contribute, when to spend them, and on what qualified medical expenses to spend them. The account holder is solely responsible for identifying on his or her tax return any distributions made for other than qualifying medical expenses.

What kinds of expenses can be paid with a Health Savings Account?

Only those expenses described as qualified medical expenses in Code Section 223 can be paid with a Health Savings Account. Generally, these include, but are not limited to, the following:

- Standard medical services such as office visits and annual medical physicals
- Prescriptions, some over-the-counter medicines, and health care products

- Preventive and restorative dental care, as well as orthodontia for children and adults
- Eyeglasses, contact lenses and solutions and laser eye surgery
- Co-payments, coinsurance and deductibles
- Acupuncture and chiropractic services

A comprehensive list of qualified medical expenses as defined by the IRS can be found at: www.irs.gov/publications/p502/ar02.html#d0e201. (Please note that some of the expenses listed in publication 502 cannot be reimbursed from an HSA. You should check with a qualified tax or legal advisor for more information.)

Please note: If a withdrawal is made from an HSA to pay for items other than qualified medical expenses, the IRS may impose a 20% excise tax. Certain exclusions apply. (For example, this 20% excise tax may not apply if the person is over 65, or if a distribution has been taken as a result of death or disability. You should consult with your personal tax advisor.)

Can I roll over funds from another Health Savings Account?

You may withdraw any or all of the funds from an existing Health Savings Account or Archer Medical Savings Account (as defined in Code Section 220) and roll them into an HSA with another custodian or trustee. However, you are required to roll the funds into a new HSA within 60 calendar days after receiving the funds. You may make 1 tax-free rollover contribution each 12-month period ending on the date you receive the distribution from the other HSA or MSA. You may also be able to transfer your HSA or MSA funds directly from 1 custodian or trustee to another without ever having direct control or custody of the funds. Trustee/custodian to trustee/custodian transfers are not subject to the 12-month limitation. Rollover and transfer contributions do not count against the maximum annual contribution amount.