Q. What is a Health Savings Account (HSA)?
A. An HSA is a tax-sheltered savings account that lets you save money for health care expenses now and in the future. The money in an HSA is not taxed if it is used to pay for eligible medical, dental, prescription and vision expenses now and in the future.

You own the money in your HSA. It cannot be forfeited and it is your money even if you leave Cummins.

Q. Why should I set up an HSA?
A. If you are enrolled in an HSA medical plan, there are several advantages to establishing an HSA:

- **Cummins contribution** — If you enrolled during open enrollment and you timely activated your Benefit Wallet HSA, your HSA received a Cummins contribution (typically credited to your HSA in early January). If you are a new hire who enrolls during the year and you activate your Benefit Wallet HSA within 60 days of enrolling in one of the HSA medical plans, your Benefit Wallet HSA will be credited with a prorated Cummins contribution as of your date of enrollment in the plan.

- **Flexibility** — You can make payroll contributions, one-time contributions, and (if you're over 55) "catch-up" contributions. As your needs change, you can change your payroll contribution amount. And for 2015, you can contribute up to $3,350 if you have single coverage and $6,650 if you have family coverage (with an additional $1,000 "catch-up" contribution opportunity if you are over age 55).

- **Interest earnings** — Your HSA dollars earn interest, regardless of the size of your Benefit Wallet account. The interest rate is subject to change.

- **Investment opportunity** — When you have at least $1,000 in your Benefit Wallet HSA, you can invest a portion of your HSA dollars among a choice of investment funds. As long as you maintain a minimum balance of $1,000 in your Benefit Wallet HSA, you can move additional funds into the investment funds. If the balance falls below $1,000, you must build it back up to the $1,000 minimum before any future investments can be made.

- **You own it** — You control what goes into your HSA, how your money is invested, and how you spend your HSA dollars. The account rolls over each year (a real advantage over a Health Care Flexible Spending Account), and you can take your HSA with you if you leave the Company.

Updated: 1/16/2015
Q. Do I have to establish my HSA through Benefit Wallet?
A. You can establish an HSA with any bank or financial institution you choose. However, if you elect Mellon Bank (Cummins HSA custodian), Cummins will pay the initial setup and monthly maintenance banking fees, you will be able to receive the Cummins contribution and you can make payroll contributions. You are responsible for all other banking fees (such as ATM fees, stop-payment fees, returned check fees); refer to the fee sheet in your HSA Welcome Kit for details.

Q. What expenses can be paid using my HSA dollars?
A. You can use your HSA dollars to pay for eligible medical, dental, prescription and vision expenses today and in the future. You can use the dollars for over the counter medications but you must have a doctor’s prescription.

If you pay other expenses with your HSA dollars, you'll have to pay income taxes on that distribution — and if you are younger than age 65, you'll pay a penalty tax of 20% on that distribution also.

Q. Can I decide how I want to use my HSA dollars?
A. Yes. You can choose to:

- **Use it** during the year to pay for your medical plan deductible or other eligible medical, dental, and vision expenses.

- **Save and grow** your account. Unused HSA dollars remain invested. As a result, any HSA dollars that you do not use grow over time and give you more dollars for future eligible medical, dental and vision expenses.

You can pay your eligible medical, dental, prescription and vision expenses out of your own pocket today, and save your HSA dollars to pay for future expenses. If you decide to pay your current expenses out of your pocket today, be sure to save your receipts. You can reimburse yourself for those expenses at a later date — providing a large lump sum payment in the future.

Remember, your HSA belongs to you. Any remaining HSA dollars at year-end will stay in your account and will be available for future health care expenses.

Q. Are there HSA rules available that I can read?
A. Yes. HSA rules are available on the IRS web site at [www.irs.gov](http://www.irs.gov). Use the search function (at the top right of the screen) to search for IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.
HSA Eligibility

Q. Do I have to be enrolled in one of the HSA medical plans to use my HSA dollars for eligible health care expenses?
A. No. You must be enrolled in an HSA medical plan to contribute to an HSA. You don't need to be enrolled in the plan to use your contributions. You own your HSA dollars and can use them whenever you want. For example, say you enrolled in an HSA medical plan and elect to contribute to an HSA. Over three years you accumulate $5,000. If you later waive coverage or leave the company, you can still use the money in your HSA for eligible medical, dental and vision expenses at any time, without tax consequences.

Q. Can I use my HSA dollars to pay eligible medical expenses for my spouse and dependant children if they are not covered under my HSA medical plan?
A. Yes. You can use the money for the expenses of anyone who you claim on your taxes. Caution: typically domestic partners and children over age 18 (non-student) or children over age 23 (students) are not considered your tax-eligible dependent.

Q. Am I eligible for the HSA contribution if my spouse is covered by Medicare?
A. Yes. You are eligible to receive the Cummins HSA contribution and can make contributions to the HSA if you are enrolled in an HSA medical plan. Your spouse's Medicare status does not affect your ability to make an HSA contribution.

Q. Are there any restrictions to contributing to an HSA?
A. Yes. To contribute to an HSA, you must meet the following requirements:

- You must be covered by one of the Cummins HSA medical plans, which qualifies for an HSA.
- You cannot be covered by another medical plan, for example, through your spouse (unless your spouse's plan is also a high deductible health plan), and you and your spouse cannot participate in a Health Care FSA.
- You cannot be a veteran who received medical benefits from the Veterans Administration in the last three months.
- You cannot be enrolled in Medicare benefits.
- You cannot be claimed as a dependent on someone else's tax return.
- You cannot be covered by a government military health plan (TRICARE).
- You must be a U.S. resident and not a resident of Puerto Rico or American Samoa.

You are responsible for determining whether you meet these requirements.

Updated: 1/16/2015
Q. Can I have more than one HSA at a time?
A. Yes. You can set up and contribute to multiple HSAs (within limits). However, the total you can contribute (including any Company contribution) in 2015 to all HSAs combined is limited to $3,350 for single coverage and $6,650 for family coverage (excluding catch-up contributions for individuals who will be age 55 or over as of December 31, 2015).

Q. If a husband and wife both work for Cummins and the husband takes the HSA plan for family coverage and contributes pre-tax money into HSA account via payroll deduction, can the wife make a pre-tax payroll contribution into the HSA account as well?
A. Both spouses cannot make payroll contributions to the same HSA on a pretax basis. Using the question above as an example, the wife can write a check to be deposited into the HSA and claim it as a tax deduction, but cannot make pretax payroll contributions.

Q. Will I qualify for an HSA if my spouse is enrolled in a Health Care Flexible Spending Account (Health Care FSA)?
A. No, you can't contribute to an HSA if your spouse is enrolled in a Health Care FSA.

Q. Is it “eligible for” or “enrolled in” Medicare that limits my ability to participate in HSA?
A. If you are enrolled in Medicare, you are not eligible to contribute to an HSA. However, if you are eligible for Medicare but are not enrolled in it, you can contribute to an HSA.

Contributing to Your HSA

Q. Can I contribute my own dollars to an HSA?
A. Yes. If you're enrolled in an HSA medical plan, you can contribute your own dollars to an HSA:
- You can contribute through payroll deductions.
- You can also make one-time contributions (for example, by depositing a portion of your tax refund to your HSA).
- You can contribute the maximum amount into your HSA as late as April 15 of the following year, as long as you are enrolled by December 1.

Payroll contributions to your HSA are made with pre-tax money; one-time contributions to your HSA are with after-tax money. In order to receive the tax deduction on one-time contributions, you'll need to file Form 8889 with your Form 1040 or Form 1040R when you file your taxes at the end of the year. Instructions are provided on Form 8889. You can also refer to IRS Publication 969 for more information about Health Savings Accounts and taxes.
Q. **How much money can I put into my HSA?**
A. You can contribute up to $6,650 in 2015 if you are enrolled in any of the following HSA medical plan coverage levels:

- Employee + spouse coverage
- Employee + child(ren) coverage
- Family coverage

If you have employee only coverage, you can contribute up to $3,350 in 2015.

If you'll be age 55 or older as of December 31, 2015, you can also make catch-up contributions of another $1,000 to your HSA. If your spouse will be age 55 or older as of December 31, 2015, he or she can make $1,000 in catch-up contributions to his or her own separate HSA (your spouse's catch-up contributions cannot be made into your HSA).

The maximum contributions include any Company contributions.

Q. **How much money can I put into my HSA if I'm a new hire and I enroll in an HSA medical plan in the middle of the year?**
A. You may contribute the full year's contribution (plus the catch-up contribution, if applicable) if you become eligible for the HSA at any point during the year, even if you become eligible in December (see the previous questions).

However, if you contribute a full year's contribution but remain eligible for only part of the year, you may be subject to taxes and penalties if you do not remain eligible for 12 months after the year in which you first become eligible. You may want to prorate your HSA contributions during your first partial year of enrollment to 1/12th of the annual maximum for each month you are covered under an HSA medical plan, in order to avoid over-contributing for the partial year.

Participants in an HSA medical plan are responsible for determining whether they meet the HSA tax-favored contribution eligibility requirements. You can find more information about HSAs by logging on to the U.S. Treasury's web site at [www.treas.gov](http://www.treas.gov). Click on "Health Savings Accounts" for answers to frequently asked questions and related IRS forms and publications.

Q. **How are HSA eligibility and contribution limits determined for married individuals?**
A. Eligibility and contribution limits are determined according to the following chart. This chart refers to the statutory HSA contribution limits for 2015. The columns show your plan choices (either Employee-Only coverage or "Family" coverage); the rows show your spouse's plan choices (e.g., no coverage vs. self-only coverage or family coverage under plans that are either high deductible or not).
<table>
<thead>
<tr>
<th>Your spouse: No medical coverage of any kind</th>
<th>Your spouse: Self-only under a non-high deductible medical plan</th>
<th>Your spouse: Self-only under a high deductible plan (like our HSA medical plans)</th>
<th>Your spouse: “Family” under a non-high deductible medical plan</th>
<th>Your spouse: “Family” coverage under a high deductible plan (like our HSA medical plans)</th>
</tr>
</thead>
<tbody>
<tr>
<td>You (the employee) are eligible to contribute to an HSA; maximum contribution is $3,350 (plus catch-up contributions, if eligible). Your spouse is not eligible to contribute to an HSA.</td>
<td>You are eligible to contribute to an HSA; maximum contribution is $3,350 (plus catch-up contributions, if eligible). Your spouse is not eligible to contribute to an HSA.</td>
<td>Both you and your spouse are eligible to contribute to separate HSAs; maximum contribution for each is $3,350 (plus catch-up contributions, if eligible).</td>
<td>Neither you nor your spouse is eligible to contribute to an HSA, unless you are not covered by your spouse's &quot;family&quot; non-high deductible medical plan. In that case, you are eligible to contribute to an HSA; maximum contribution is $3,350 (plus catch-up contributions, if eligible).</td>
<td>Both you and your spouse are eligible and treated as having only family coverage. The maximum contribution is $6,650 (to be divided equally between you and your spouse, unless you agree on a different division). In addition, you and your spouse each may make catch-up contributions to your own HSA, if eligible.</td>
</tr>
</tbody>
</table>

(1) "Family" for purposes of the HSA, dollar limits include the following levels of coverage: Employee + Spouse; Employee + Child(ren); and Employee + Family

Updated: 1/16/2015
Q. How do I change my HSA contributions?
A. If you want to change your payroll contribution, go to healthspan.cummins.com. Select Guides/Forms/FAQ, then select “Health Savings Account”. Then click on the HSA Contribution Change Request Form. Return the completed form to CBS (the email address, fax number, and mailing address are shown at the top of the form). If you have questions, call CBS Benefits Contact Center at 877-377-4357.

If you want to make a one-time deposit, write a check payable to Benefit Wallet and mail your check and your HSA deposit slip to:

ACS|BNY Mellon HSA Solution.
PO Box 535161
Pittsburgh, PA 15253-5161

Q. Can I contribute more than the annual maximum?
A. Yes. For this year, you can make a “catch-up” HSA contribution of $1,000 if you'll be age 55 or over by December 31, 2015, and you're not enrolled in Medicare. If you're eligible for the HSA for the entire year, you'll be entitled to contribute the entire $1,000, regardless of when your 55th birthday occurs during the year. If you're not eligible for the HSA for the entire year, the $1,000 catch-up contribution is prorated based on the number of months you are eligible for an HSA.

Q. What happens to the Cummins HSA contribution if I change coverage levels during the year?
A. If you are a current employee and you change your level of coverage during the year due to a change in family status, the Cummins HSA contribution amount will not change for 2015. Cummins has already deposited the contribution in your account, and it is your money. It will not be decreased — or increased — due to any changes you make later in the year to your levels of coverage. This means that if you move from single coverage to family coverage in the middle of the year, you will not receive an additional Cummins contribution beyond the amount for single coverage that was deposited at the beginning of the year. On the other hand, it also means that if you move from family coverage to single coverage mid-year, Cummins can't take away the higher family contribution that Cummins already put into your HSA.

Q. What happens to the Cummins HSA contribution if I am a new hire and I enroll in an HSA medical plan mid-year?
A. If you are a new hire and you enroll in an HSA medical plan during the year, you will receive a pro-rated lump sum Cummins HSA contribution based on the number of full months remaining in the year, measured from the month following the month in which you enroll in the medical plan. If your enrollment in an HSA medical plan is effective the first day of the month, you will receive credit for the month of enrollment in an HSA medical plan. However, in order to receive this Cummins contribution, you must activate your Mellon HSA within 60 days of your coverage effective date.

Updated: 1/16/2015
Investing Your HSA Dollars

Q. Will my HSA earn interest? If so, how much interest is Benefit Wallet offering?
A. Yes. Your HSA savings account earns interest. The interest rate is subject to change.

Q. How do I invest in mutual funds?
A. After your HSA balance reaches $1,000, you can start investing a portion of your HSA savings in the mutual funds offered through Benefit Wallet. Please keep in mind that you must maintain a minimum balance of $1,000 in your Benefit Wallet HSA to invest future dollars in the investment funds. Go to www.hsamember.com to find out more.

Q. Can I open my investment account online?
A. Yes. To open the investment account, go to www.anthem.com. After logging in, go to the “Your Accounts” section, select “Access online banking. Once on the HSA Member website, go to “Member Services”; then “Investments”. Or, you may log in directly at www.hsamember.com.

Q. Can I manage my investment account online?
A. Yes. After you’ve set up your investment account, you can manage it online through the HSA Member secure website.

Q. Is there a minimum in order to open an investment account?
A. Yes. You can open an investment account with as little as a $1 initial investment into a single mutual fund. You must have over $1,000 in your HSA savings account in order to move money into the investment funds and still meet the $1,000 minimum balance requirement.

At any point when your HSA balance is more than $1,000, you can transfer funds into the investment account. After you've opened an investment account, you can also set up automatic, periodic transfers from your HSA savings account into your investment account
Q. What are my investment options?
A. Below is a list of the current mutual fund options available. Full descriptions and a prospectus for each fund is available on the HSA Member website. Investments are subject to change.

<table>
<thead>
<tr>
<th>Fund Category</th>
<th>Mellon HSA Investment Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market</td>
<td>Dreyfus Cash Management Plus Investor Shares</td>
</tr>
<tr>
<td>Intermediate-Term Bond</td>
<td>Calvert Income Fund Class A</td>
</tr>
<tr>
<td>Short-Term Bond</td>
<td>Calvert Short Duration Inc Class A</td>
</tr>
<tr>
<td>High-Yield Bond</td>
<td>Fidelity Adv High Inc Advantage Class T</td>
</tr>
<tr>
<td>Short Government</td>
<td>Goldman Sachs Short Duration Govt C   A</td>
</tr>
<tr>
<td>World Bond</td>
<td>Templeton Global Bond Class A</td>
</tr>
<tr>
<td>Mid-Cap Growth</td>
<td>American Century Heritage Class A</td>
</tr>
<tr>
<td>Large Blend</td>
<td>Dreyfus Appreciation Fund</td>
</tr>
<tr>
<td>Large Value</td>
<td>Dreyfus Premier Strategic Value Class A</td>
</tr>
<tr>
<td>Diversified Emerging Markets</td>
<td>Fidelity Advisor Emerging Midk A Class</td>
</tr>
<tr>
<td>Mid-Cap Blend</td>
<td>Gabelli Asset Fund Class AAA</td>
</tr>
<tr>
<td>Large Growth</td>
<td>MFS Aggressive Growth Allocation Class A</td>
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<tr>
<td>Foreign Large Growth</td>
<td>Marsico Internati Opportunities</td>
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<tr>
<td>Foreign Large Blend</td>
<td>MFS Research Intl Class A</td>
</tr>
<tr>
<td>Small Growth</td>
<td>Fidelity Advisor Small Cap Class A</td>
</tr>
<tr>
<td>Small Blend</td>
<td>Kesley Small Cap Value Fund</td>
</tr>
<tr>
<td>Small Blend Index</td>
<td>Vanguard Small Cap Index</td>
</tr>
<tr>
<td>Large Blend Index</td>
<td>Vanguard Total Stock Market Index</td>
</tr>
<tr>
<td>World Stock</td>
<td>Mutual Series Mutual Discovery Class A</td>
</tr>
<tr>
<td>Moderate Allocation</td>
<td>American Century Strat Alloc Class A</td>
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<tr>
<td>World Allocation</td>
<td>Ivy Asset Strategy Class A</td>
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<tr>
<td>Real Estate</td>
<td>T Rowe Price Real Estate Fund Adv CL</td>
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</table>

Using Your HSA Money

Q. Does the Cummins plan pay any benefits before I meet the deductible?
A. Yes. The HSA medical plans pay for eligible preventive care, as well as eligible preventive care prescription drug expenses, before the annual deductible is met.

All other expenses are subject to the annual deductible — which means you must meet the annual deductible before the plan begins paying its share of covered expenses. Copays and coinsurance apply to these prescription expenses.

Q. How much preventive care does the plan cover?
A. Your preventive care is covered 100%, as long as the care is provided by an in-network physician.
Q. Are prescription drugs subject to the plan deductible if I am enrolled in the HSA medical plan?
A. Certain preventive drugs are not subject to the plan’s deductible. You pay your coinsurance (subject to the minimum copay for retail expenses; copays apply for mail-order expenses) when you fill the prescription, and the plan pays the rest. The deductible does not apply. A list of covered preventive care drugs can be found at healthspan.cummins.com.

Prescription drugs that are not part of the preventive drug list are subject to the plan’s deductible. This means you will be responsible for the full cost of these drugs until you meet the plan deductible. If your expenses exceed the deductible, then the plan starts paying its share of the cost and you pay your coinsurance (subject to the minimum copay for retail expenses; copays apply for mail-order expenses) until your out-of-pocket maximum is reached. Once your out-of-pocket maximum is reached, then your eligible prescriptions are paid at 100% for the rest of the year.

Q. Will over-the-counter drugs count toward my annual deductible if I am enrolled in an HSA medical plan?
A. No. And beginning in 2011, over-the-counter medications are not considered an HSA eligible expense unless accompanied by a prescription from your doctor.

Q. Do I need to pay my doctor at the time of my office visit?
A. No. Here is how things should work when you need health care services:

- **Go to your doctor or other health care provider** — just like now.

- **Present your Cummins HSA plan medical/pharmacy ID card at the time of service.**
  
  When you go to the doctor, wait to pay until the claim is processed. That way, you get the benefit of our negotiated network discounts and the expenses are applied to your deductible. NOTE: if you pay the claim before you get the Anthem Claim Recap, the doctor may not process the claim and your expenses won’t be credited toward your annual deductible. If you want to use your HSA to pay the claim, simply write your HSA debit card number on the doctor’s bill (again — after first getting the Anthem Claim Recap that confirms the amount you are to pay).

REMEMBER! Treat your HSA debit card as you would any other debit card. If the money isn’t in your account, don’t use your HSA debit card to pay the expense. Instead, put money in your account to cover the expense and then make your payments. Or, you can set up a payment plan with your doctor so that you can make payments that coincide with the payroll contributions to your account. Or consider increasing your payroll contributions to be sure you have more dollars in your HSA.

Updated: 1/16/2015
Q. Will my pharmacist expect full payment for a prescription?
A. Here is how things should work when you need a prescription:

- **Go to your pharmacy** – just like now.
- Present your **Cummins HSA plan medical/pharmacy ID** at the time of service.
- **If the prescription is for a preventive drug**, you will pay your coinsurance (or minimum copay) for your prescription when it is filled and the plan will pay the rest. (The annual deductible does not apply to preventive care prescription drugs.) If you want to use your HSA to pay the expense, simply present your HSA debit card.
- **If the prescription is not preventive and you've not yet met the annual deductible**, then you will pay the full cost at the pharmacy. You can use your HSA debit card to pay for the prescription or your can pay for it out-of-pocket. After you've met the annual deductible, you'll pay your coinsurance at the network pharmacy and the plan will pay the rest until the out-of-pocket maximum is reached. Then all eligible expenses are paid at 100%.

Q. What happens to the money in my HSA if I don’t use it all by the end of the year?
A. Your HSA balance at the end of each year stays in your HSA and continues to grow with tax-free interest. You can use that balance to help pay for future health care expenses — including eligible medical, dental, prescription and vision expenses you have during retirement.

Q. Can I use my HSA to pay for medical expenses that are not covered under the medical plan?
A. Yes, you can use your HSA to pay for eligible medical expenses under IRC Section 213(d), even if those expenses are not eligible for payment under the Cummins medical plan. Generally, the same expenses shown in IRS Publication 502 — Medical and Dental Expenses — are eligible for reimbursement through an HSA. Examples include over-the-counter medications with a doctor’s prescription (such as aspirin, cold medication, cold and flu medications) or laser eye surgery.

You can also use your HSA to pay premiums for:

- COBRA coverage
- Qualified long-term care insurance
- Any health plan coverage you have while you're receiving unemployment compensation
- At age 65 or older, any health insurance other than a Medicare supplement policy.

For more information on HSAs, refer to IRS Publication 969.

Updated: 1/16/2015
Q. What happens if I use my HSA account to pay for a non-health care expense?
A. If you are under age 65, amounts that are used to pay non-health care expenses are subject to regular income tax as well as a 20% penalty tax. After you reach age 65, such ineligible expenses are no longer subject to the 20% penalty tax, but they will continue to be subject to regular income tax.

Q. Is there a withdrawal limit on the HSA debit card?
A. There is a daily ATM withdrawal limit of $3,000; and an overall daily limit of $5,000. The "overall daily limit" refers to all withdrawals in a single day from your account — with an ATM withdrawal, a checkbook amount, or a direct payment at the doctor's office or pharmacy.

About Domestic Partners

Q. How much can I contribute to an HSA if I have a domestic partner?
A. If your domestic partner is your tax dependent, and you choose family coverage, you may contribute up to the statutory family limit ($6,450 plus allowable catch-up contributions). In this case, HSA distributions to pay your domestic partner's eligible medical, dental, prescription and vision expenses would be tax-free, as they would for a dependent spouse or child.

However, if your domestic partner is not your tax dependent and you are covered together as a family under an HSA medical plan, you can each open an HSA and each can contribute up to the family contribution max to each respective HSA. In other words, you can contribute up to $6,650 in 2015, plus allowable catch-up contributions, and so can your domestic partner.

With regard to HSA distributions, either of you can only use your own HSA distributions to pay your own eligible medical, dental, prescription and vision expenses tax-free. If one of you uses his or her HSA to pay the other's eligible expenses, the HSA disbursement will not be tax-qualified and will be subject to income tax plus the 20% excise tax, if applicable.

Taxes and Your HSA

Q. Will I be taxed when I use my HSA dollars to pay for health care?
A. No. You are not taxed when you use your HSA dollars to pay for eligible medical, dental and vision expenses. You can use your HSA dollars at any time, now or in the future.

Q. What happens if I use my HSA dollars to buy a car?
A. The HSA was designed by the U.S. government to help you pay for eligible health care expenses — tax-free. If you are under age 65 and use your HSA dollars for something besides eligible health care expenses, you'll have to pay both regular income taxes and a 20% penalty tax on that purchase. If you are age 65 or older, you can use your HSA dollars for anything and you won't be hit with the 20% penalty tax — but regular income taxes will apply to any purchase that isn't an eligible health care expense.

Updated: 1/16/2015
Q. Do I have to keep receipts for expenses reimbursed from the HSA?
A. Yes. For tax audit purposes, you need to keep receipts for expenses reimbursed from your HSA. In addition, you can claim reimbursements at any time in the future. So, you should keep the receipts for all potentially eligible expenses — even if you do not claim them immediately.

Q. Are the Cummins HSA contributions taxable?
A. No. These contributions are not taxable as long as you use them to pay eligible medical, dental or vision expenses. However, some states (currently Alabama, California, New Jersey and Wisconsin) will apply state income taxes to all HSA contributions, including the Cummins HSA contributions. If applicable in your state, those income taxes will be reflected on your pay stub.

Q. Do all states allow pre-tax contributions to the HSA?
A. No. Some states (currently Alabama, California, New Jersey) will apply state income taxes to your HSA contributions. Regardless of which state you live in, you will always have the pre-tax savings benefit on federal and FICA taxes. For details on how your state treats HSA contributions, log on to www.irs.gov.

Q. How do I get a tax deduction for contributions I make outside of my payroll contributions?
A. When you file your taxes, check the appropriate box on your Form 1040 and include the amount that you contributed in excess of your payroll contributions for 2015.

Q. Do HSA contributions need to be at least 7.5% of adjusted income to qualify for the deduction on Schedule A?
A. No, HSA contributions are not subject to the 7.5% adjusted gross income (AGI) floor. You should also keep in mind that you can contribute to the HSA at any time (even if there are no offsetting expenses) and let the money accumulate. The money you use to pay for eligible medical, dental or vision expenses can then come from the HSA. Or, if you prefer, you can pay for eligible expenses with after-tax funds and not reimburse yourself for those expenses from the HSA until a later date. In short, there is no time limit on when HSA funds (the original contributions or their earnings) are used.
Q. What happens if I make excess contributions to my HSA?
A. Contributions over the annual IRS limit are subject to taxation and must be withdrawn from your account. If they are withdrawn in the same tax year, you pay ordinary income taxes on the amount above the IRS limit. If they are withdrawn in another tax year, you'll be responsible for ordinary income taxes as well as a penalty tax (the penalty tax will apply if you fail to withdraw those excess contributions before April 15 of the following year).

Q. Do employees have to claim the interest earned on the HSA contributions at the end of the year?
A. No. All that's reportable on Form 8889 (the tax form where HSA activity is documented) is the amount of the contributions and distributions that occurred during the year in question.

However, if the interest is the result of excess HSA contributions, it is reportable and is considered “Other Income” for tax purposes. For example, if you contribute $100 beyond your statutory HSA limit, and you earn $5 interest on that $100, you must claim that $5 as “Other Income.”

When Your Employment Ends

Q. What happens if I go on leave during the year?
A. If you are considered an active employee while on a paid leave status (for example, you are on STD, an FMLA or a non-FMLA leave of absence), Cummins will continue your HSA medical plan coverage and your HSA payroll contributions.

If you’re on an unpaid leave of absence, Cummins will continue your HSA medical plan coverage; however, your HSA payroll contributions will stop until you return to work.

Q. What happens if I terminate my employment?
A. If you terminate your employment and are covered under the HSA medical plan, you will have the opportunity to continue the medical plan coverage under COBRA.

Regardless of your employment or coverage status, you can always use your HSA dollars tax-free for eligible medical, dental or vision expense. You begin paying the monthly account maintenance service fee when you are no longer covered under a Cummins HSA medical plan for as long as you maintain the account.

Q. If I leave Cummins to work for a company without a high deductible health plan, what happens?
A. You can take your Health Savings Account (HSA) with you and use your HSA dollars to pay for eligible medical, dental and vision expenses even after you leave Cummins. However, you're not allowed to make new contributions to your HSA unless you are covered by a qualifying high deductible health plan as defined by the IRS.

Updated: 1/16/2015
Q. What happens to my HSA if I die before using the entire account balance?
A. If you die before using the entire balance in your HSA, your remaining balance becomes the property of your beneficiary. If your spouse is your HSA beneficiary, the HSA becomes your surviving spouse’s HSA. Your surviving spouse is subject to income tax only if the HSA funds are not used for eligible medical, dental or vision expenses.

If your HSA-designated beneficiary is someone other than your spouse, the HSA is no longer considered an HSA as of the date of your death. The fair market value of the HSA assets as of the date of death must be included in the designated beneficiary’s gross income. The includable amount is reduced by any HSA payments made for your (the decedent’s) eligible medical, dental or vision expenses if they are paid within one year following your death.