

Product Information Guide



General HSA Information

With the constant rise of health-care costs, people are considering other alternatives to pay and save for medical expenses. In response to this trend, the government passed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 which allows eligible people to open Health Savings Accounts (HSA). HSAs are tax-exempt accounts to be used for certain medical expenses.

Who Can Have an HSA?

Any adult can contribute to an HSA if they:

- Have coverage under an HSA-qualified "high deductible health plan" (HDHP)
- Have no other first-dollar medical coverage (other types of insurance like specific injury insurance or accident, disability, dental care, vision care, or long-term care insurance are permitted).
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

Advantages of HSAs

Security - Your high deductible insurance and HSA protect you against high or unexpected medical bills

Affordability - You should be able to lower your health insurance premiums by switching to health insurance coverage with a higher deductible.

Flexibility - You can use the funds in your account to pay for current medical expenses, including expenses that your insurance may not cover, or save the money in your account for future needs, such as:

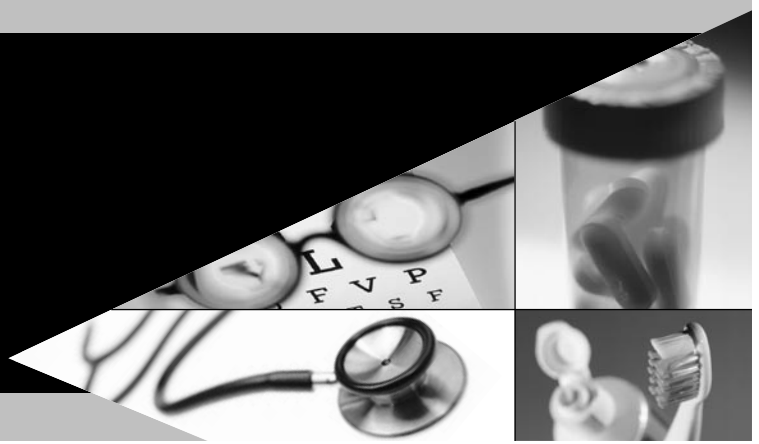
- Health insurance or medical expenses if unemployed
- Medical expenses after retirement (before Medicare)
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

Savings - You can save the money in your account to pay for future medical expenses and grow your account through investment earnings.

Control - You make all the decisions about:

- How much money to put into the account
- Whether to save the account for future expenses or pay current medical expenses
- Which medical expenses to pay from the account
- Which company will hold the account
- Whether to invest any of the money in the account
- Which investments to make

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Advantages of HSAs (cont.)

Portability - Accounts are completely portable, meaning you can keep you HSA even if you:

- Change jobs
- Become unemployed
- Change your marital status
- Change your medical coverage
- Move to another state

Ownership - Funds remain in the account from year to year, just like an IRA.

There are no “use it or lose it” rules for HSAs.

Tax Savings: An HSA provides you triple tax savings:

1. tax deductions when you contribute to your account;
2. tax-free earnings through investment; and,
3. tax-free withdrawals for qualified medical expenses.

FirstMerit Health Savings Account General Product Information

Each individual account may be subject to a monthly maintenance fee which can be avoided if the requirements are met as described later. Regardless, the monthly maintenance fee will be waived for the first twelve months to allow you time to establish balances in your accounts.

An individual with multiple account types, for example having both a Checking and Money Market, account will be responsible for only one monthly maintenance fee and not for both account types.

If both husband and wife are eligible to contribute to an HSA, they are both eligible to establish separate HSAs. If both spouses want to make “catch-up” contributions when they are age 55+, each must do so in their own separate account. “Joint” HSA accounts are not permitted. Each spouse should consider establishing an account in their own name allowing them to both make catch-up contributions when each spouse is 55 or older. Please note that these are individual accounts. For example, if a husband and wife choose to establish separate HSA's each will be responsible for satisfying the requirements to waive their individual monthly fee.

To provide you with convenience and flexibility in managing your account, FirstMerit will also give you the option of obtaining an additional debit card on your checking account as well as allowing an additional authorized signer on the account for check writing purposes. Both of these functions will be accomplished by adding a Power of Attorney (POA) to your account. This can be done at the time you set up your plan or at a later date. Account ownership still remains with you. However, you are responsible for the actions of the POA. Funds can be transferred several ways- please see next page for details.

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FirstMerit Health Checking Account

To easily access your funds, you may consider opening a FirstMerit Health Checking Account. Note that this is the only account with check or debit card access.

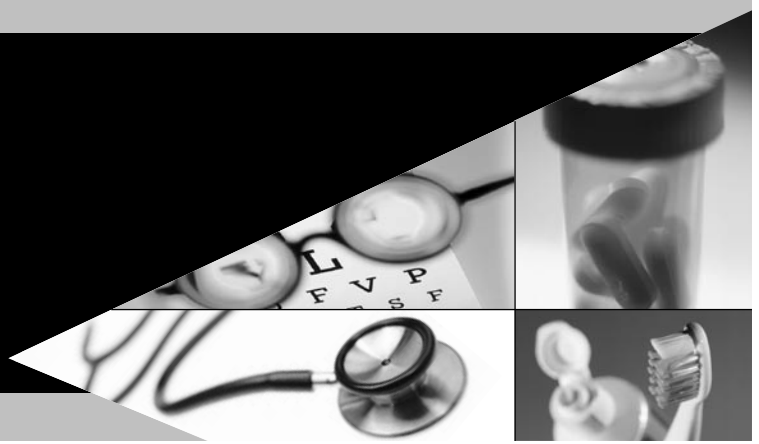
- Minimum to open is only \$50
- Waive the low monthly fee of \$4 by having a scheduled monthly ACH credit or transfer, or by maintaining an average daily balance of \$500 in your account. Regardless, your fee will be waived for the first 12 months.
- Checks are returned with your monthly statement to assist with your recordkeeping
- Interest rate tiers:
 - \$0-\$2,499
 - \$2,500-\$4,999
 - \$5,000-\$7,499
 - \$7,500-\$9,999
 - \$10,000+
- Free FirstMerit Health Checking Account Debit Card: A VISA debit card that you can use to pay your medical expenses at your doctor's office or pharmacy. Present your debit card anywhere VISA is accepted.
- FREE first order of customized checks! There is a limit of 15 checks per statement cycle. \$1 fee for each check beyond 15.
- An early closure fee of \$25 applies to accounts closed within the first 90 days.
- You can transfer funds several ways:
 1. By visiting your branch
 2. By visiting any of our FirstMerit ATMs if your accounts are linked
 3. By calling our Customer Contact Center
 4. By using Internet Banking (you must be enrolled in order to utilize this method).

FirstMerit Health Money Market Account

To save and earn a higher interest rate, you may consider a FirstMerit Health Money Market Account. Note that this account does not have check access.

- Minimum to open is only \$50
- Waive the low monthly fee of \$7 by having a scheduled monthly ACH credit or transfer, or by maintaining an average daily balance of \$500 in your account.
- An early closure fee of \$25 applies to accounts closed within the first 90 days.
- Interest rate tiers:
 - \$0-\$4,999
 - \$5,000-\$9,999
 - \$10,000-\$24,999
 - \$25,000-\$49,999
 - \$50,000+
- You can transfer funds the same ways as with the Health Checking Account.

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FirstMerit Health CDs

To save long-term and earn a higher interest rate, you may consider FirstMerit Health CDs, including specials:

- Minimum to open is \$1,000
- Choose the term that is right for you:
 1. Less than 32 days
 2. 32-91 days
 3. 92-364 days
 4. 1 year and over
- Interest payment options: You can add to your CD, credit to your FirstMerit Health Savings, Checking or Money Market account.

Please contact your FirstMerit Representative for more account information.

The information contained herein is not intended to substitute for tax or legal advice. Please contact your Legal or Tax Advisor for guidance relative to your needs or situation.