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INTRODUCTION

This document explains the operation of the Mayo Clinic Pre-Tax Health Savings Account (“Pre-Tax HSA” or “Plan”). You must establish your HSA with Fidelity Investments (“Fidelity”) through a process similar to opening a bank account. If you enroll in the High Deductible Health Plan Mayo Basic, an option under the Mayo Medical Plan, you are able to make voluntary pre-tax contributions. Once you establish your HSA with Fidelity Investments, the Plan lets you make voluntary pre-tax contributions from your salary to your HSA through payroll deductions. If you fail to establish your HSA with Fidelity investments, you will not be eligible to your contributions.

Your HSA can be invested and the earnings will accrue tax-free. Further, to the extent you use your HSA to pay for qualified medical expenses, there is no tax on distributions from your account.

**Important Change:** As a result of health care reform legislation, there has been a change that impacts HSA accounts. Effective January 1, 2011, over-the-counter drugs are not qualified medical expenses unless you have a valid prescription for the drug. In addition, the penalty for a reimbursement from an HSA for expenses that are not qualified medical expenses has been increased to a 20% penalty.

**Pre-Tax HSA Is Not a Mayo Sponsored Group Health Plan or an ERISA Plan**

Once amounts are deposited in your HSA, you control the account as to how it is invested among options offered by Fidelity Investments, whether it remains with Fidelity after initial deposit, and when and for what purpose money is withdrawn from the account. The pre-tax HSA is not a group health plan sponsored by Mayo Clinic, and it is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). You do not have rights to COBRA continuation coverage with respect to your HSA, although the HSA is your account and any amounts in it will continue to be available to you after you terminate or otherwise lose coverage under the Plan.

Mayo will maintain records to track your HSA pre-tax contributions and will forward pre-tax contributions to Fidelity Investments for deposit in your HSA. Mayo will also provide certain tax reporting related to HSA contributions you receive or make under this Plan.
CONTACT INFORMATION

Role of Fidelity Investments (Your HSA)

All contributions made through the Pre-Tax HSA are made to your HSA with Fidelity Investments. Fidelity will act as the custodian of your account.

If you enroll in Mayo Basic, Fidelity Investments will provide information to you about opening your Fidelity HSA, managing your account, obtaining a debit card, account transfers, investment options, and obtaining distributions from your HSA.

You can reach a Fidelity Investments Customer Service Representative at 1-800-343-0860.

For information about opening your account and obtaining a debit card, log onto www.NetBenefits.com, a Fidelity Investments website.

Once you have established your HSA, you can obtain account information and conduct other transactions at www.Fidelity.com/atwork.

Role of Mayo Clinic Employee Service Center

To begin or to make changes to your HSA pre-tax election during the year, contact the Mayo Clinic Employee Service Center at 507-266-0440 (local) or 1-888-266-0440.

Role of Mayo Clinic Health Solutions

Fidelity Investments, not Mayo or Mayo Clinic Health Solutions, manages your HSA. However, if you have questions about claims for covered health services under Mayo Basic, contact Mayo Clinic Health Solutions at 507-287-3271 or toll free at 1-800-635-6671.
HOW THE PRE-TAX HSA WORKS

Who Is Eligible to Participate

You are eligible to participate in the Pre-Tax HSA if you meet the following requirements:

- You are not a resident of California, New Jersey, or Alabama
- You are not eligible or enrolled in Medicare
- You have not been covered by any health plan that is not a High-Deductible Health Plan (“HDHP”) at any time during the current calendar year
- You cannot be claimed by another taxpayer as a dependent on his or her individual income tax return
- You are not a student at Mayo Clinic College of Medicine

Note that you cannot participate in the Pre-Tax HSA and the Mayo Health Care Flexible Spending Account, the Mayo Reimbursement Account Plan, or the Medical Expense Reimbursement Plan (MERP). When you enroll in Mayo Basic at annual enrollment you will not be allowed to enroll in any of these other plans. If you are enrolled in any of these options, you cannot be covered under the Pre-Tax HSA until the next calendar year.

You can only receive or make contributions to an HSA if you are eligible on the first day of that month.

You should be aware that your spouse's coverage could make you ineligible to contribute to an HSA. If you are covered under your spouse’s health plan and the coverage is not an HDHP (or certain other permitted coverage), you will not be eligible to receive or make contributions to an HSA.

Enrolling in an HSA

If you enroll in Mayo Basic, you can elect to make pre-tax contributions.

If you enroll in Mayo Basic, Fidelity Investments will provide information about opening your HSA. It is important that you open your HSA promptly. You will not have qualified medical expenses that you can withdraw from your HSA until it is established.

Making Your Pre-Tax HSA Contribution Election

When you enroll in Mayo Basic, you specify the amount of pre-tax contributions, if any, that you wish to make to your HSA. Mayo will deduct your HSA contributions on a pre-tax basis from your paycheck for any pay period in which you are eligible to participate. Mayo will forward such pre-tax contributions to Fidelity Investments within a reasonable time after being withheld from your paycheck. Fidelity Investments will provide you information about investment options it offers for your HSA. You are free at any time to move any or all of your HSA funds from Fidelity Investments to another authorized bank or other financial institution that is permitted to hold HSAs. Mayo has no authority or control over the funds deposited in your HSA.

When Coverage Under the Plan Ends

Your receipt of any pre-tax salary deferral election you make will be canceled on the last day of the month during the plan year in which one of the following occurs:

- Your employment with Mayo ends
- Your coverage under Mayo Basic ends
- You are no longer eligible to receive HSA contributions
If you fail to satisfy the Pre-Tax HSA eligibility requirements (for example, you become covered under a non-HDHP plan of your spouse that is not “disregarded coverage”), you should notify the Employee Service Center immediately, and your HSA pre-tax contribution election will be canceled. If you make pre-tax contributions to your HSA when you are no longer eligible, you may incur tax penalties.

Maximum Contributions to Your HSA

Federal tax law limits the amount that you can contribute to your HSA on a tax-favored basis each year. For 2015, annual HSA contributions (yours plus anyone else’s) cannot exceed the IRS maximum allowable amount of $3,350 for single coverage and $6,650 for employee and child(ren), employee and spouse, and family coverage levels (“family level”). With the exception of the special 13-month testing rule described below, these maximums are prorated for the number of months you are eligible to contribute to an HSA. It is your responsibility (and not Mayo’s) to make sure that any contributions that are made to your HSA (and contributions from any other source) do not exceed the IRS maximum allowable amount for your coverage level.

Special 13-Month Testing Rule: Contributions after Midyear Enrollments. If you enroll in Mayo Basic midyear, you can contribute amounts up to the IRS annual maximum allowable for your coverage level, as long as you are still eligible to make a contribution as of December 1 of that year. Under a “special 13-month testing rule,” you must maintain eligibility for HSA contributions through December 31 of the following year. If you fail to maintain this eligibility for the additional 13-month period, depending on the total amount of your HSA contributions in the previous year relative to the number of months during the previous year that you were eligible to make HSA contributions, some portion of your HSA contributions may need to be reported as taxable income, and you will incur tax penalties on the HSA contributions that exceed the permitted amount. There is no way to remedy this situation by taking the money out of your HSA. As a result, it is not advisable to enroll in Mayo Basic midyear unless you intend to stay in it for the next calendar year as well.

Special Rule When Spouse Has Separate HDHP Coverage. If your spouse has family level HDHP coverage under an HDHP other than Mayo Basic, the HSA contribution limit is split evenly between you and your spouse unless you agree on a different division. It is your responsibility to comply with this limit.

Changing Your Pre-Tax HSA Salary Deduction Election

You may elect at any time during the calendar year to start, stop, or change the amount of pre-tax salary deductions to your HSA on a prospective basis for the remainder of the year, subject to the statutory limits described above in Maximum Contributions to Your HSA. This is an exception to the change-in-status rules that apply to many pre-tax elections, and no changes can be made to your Mayo Basic election unless independently permitted as a result of a change-in-status event.

To make or change your HSA pre-tax salary deduction election, contact the Employee Service Center.
Qualified Medical Expense

If you use your HSA for qualified medical expenses, distributions from your account are tax free. Qualified medical expenses are, in general, amounts you pay for medical care (including medical, prescription drug, dental, and vision care) for yourself, your spouse, and your eligible dependents or family members (but not your same-sex domestic partner unless your same-sex domestic partner is your tax dependent for purposes of receiving group health coverage) that are not paid by insurance or any other source. There is no requirement that you be covered by an HDHP to receive distributions from an HSA (even though this is one of the requirements for contributing to an HSA).

Qualified medical expenses cannot be incurred until your HSA is established. It is therefore important that you establish your HSA with Fidelity Investments promptly. For example, if you become ill on January 1 and establish your HSA with Fidelity Investments on January 15, any medical expenses relating to your illness incurred before January 15 are not qualified medical expenses. Medical expenses incurred on or after January 15 would be qualified medical expenses to the extent they are not reimbursed from any other source.

Qualified medical expenses, if used for yourself, your spouse, or an eligible dependent or eligible family member, include the following:

Health expenses as defined by section 213(d) of the Internal Revenue Code that are not covered or reimbursable from any other source (e.g., Lasik surgery expenses — additional information can be found in Publication 502 and 969).

- Payments you make for covered medical services and covered services under Mayo Basic until you meet the deductible that applies to you
- Your coinsurance and/or copayments for covered medical services under Mayo Basic that may apply once you have met the deductible
- Your coinsurance payments for covered dental and vision services
- Your prescription drug costs and prescribed over-the-counter drug costs for drugs that provide medical care, including insulin.
- Certain premium payments for healthcare coverage, limited to continuation coverage under COBRA, coverage under certain long-term care insurance contracts, coverage under a health plan when you receive federal or state unemployment compensation and, if you are at least 65, premiums for health insurance other than a Medicare supplemental policy (such as the Mayo Medicare Supplement)

Using Your HSA

You can obtain a debit card or a checkbook for use with your HSA. Fidelity Investments will provide additional information about these services. With some providers you can use your debit card to pay pre-deductible charges or coinsurance amounts due at the time of your visit. You can also pay a qualifying medical expense yourself and then obtain reimbursement from your HSA. Fidelity Investments will provide you with information about how to make a claim for a distribution.

Important Note. Make sure you carry and present your Mayo Basic identification card provided by Mayo Clinic Health Solutions whenever you obtain medical services, regardless of whether your expenses have exceeded the Basic Plan’s deductible. By doing so you will be charged Basic Plan rates for covered medical services you obtain.

When you obtain covered medical services under the Basic Plan, Mayo Clinic Health Solutions will process your claim and determine the cost of the service (including any negotiated fees and/or discounts that apply under Mayo Basic), then determine what portion of the cost (if any) is your responsibility. You will then pay your portion of the medical bill to your provider. If you have funds in your HSA, you can, if you wish, obtain a distribution from your HSA to reimburse yourself for the medical expense.
You must keep track of distributions you receive from your HSA for qualified medical expenses (whether before or after termination of employment). You can obtain information about your account on the [www.Fidelity.com/atwork](http://www.Fidelity.com/atwork) website.

Neither Mayo Clinic Health Solutions nor Mayo Clinic will review your claims to determine whether they are qualifying medical expenses. You are responsible for using the HSA for qualified medical expenses or reporting taxable income and paying any penalty to the extent you take a distribution that is not used for a qualified medical expense.

Reimbursements from your HSA for qualified medical expenses are not taxable under federal law even if at the time of the reimbursement you are no longer eligible to contribute to the HSA. However, reimbursement for expenses that are not qualified medical reimbursements result in taxable income to you regardless of when the reimbursement is made, and may be subject to an additional 20 percent penalty. For more information, consult your tax adviser and/or see IRS Publication 969 ("Health Savings Accounts and Other Tax-Favored Health Plans").
OTHER INFORMATION

Reserved Right to Amend or Terminate Plan

Mayo Clinic reserves the right, at any time, to amend or terminate the Pre-Tax HSA for any reason in its sole discretion as to future salary deferral pre-tax contributions. Mayo Clinic’s right to amend or terminate the benefit includes, but is not limited to, changes in eligibility requirements, custodian, or the pre-tax salary deferral contribution opportunity. Any prospective change to the Pre-Tax HSA will have no impact on your existing HSA account, which is your individually owned account and not subject to such changes.

Funding

The Pre-Tax HSA is funded by contributions from your voluntary salary deferrals. You are responsible for the investment of funds in your HSA. You may invest your HSA contributions in any way permitted by Fidelity Investments (or if you move your HSA funds to another bank or other financial institution, you may invest your HSA contributions in any way permitted by the new bank or other financial institution).

Reporting Issues

Mayo will report your pre-tax HSA contributions on your Form W-2. You are responsible for all other reporting requirements relating to contributions to and distributions from your HSA in connection with filing your individual federal, state, and local tax returns.

Claims

Claims for reimbursement from your HSA are administered by Fidelity Investments in accordance with its HSA custodial agreement with you.

Tax Implications of Pre-Tax HSA

You may save federal income taxes, state income taxes, and FICA (Social Security and Medicare) taxes by participating in the Pre-Tax HSA. However, if you contribute to an HSA when you are not eligible, you may incur tax penalties. Ultimately, it is your responsibility to determine the tax treatment of your HSA benefits and it is solely your liability to report and pay taxes and penalties if required by the IRS or State revenue department.

For more information regarding

- The tax ramifications of participating in an HSA
- The terms and conditions of your HSA
- Your rights and responsibilities with respect to your HSA
- The terms of eligibility
- What constitutes a High-Deductible Health Plan
- Contributions to and distributions from your HSA

Refer to the communication materials provided by Fidelity Investments. Also, see IRS Publication 969 (Health Savings Accounts and Other Tax-Favored Health Plans). You may also wish to consult a tax or legal advisor.
Limits on HSA Contributions for Higher Paid Employees

Your contributions to your HSA are made through this Plan as a section 125 cafeteria plan that permits participants in Mayo Basic to make pre-tax HSA contributions. Your coverage and benefits provided under the Pre-Tax HSA will comply with any relevant nondiscrimination provisions in section 125 of the Internal Revenue Code. Mayo will restrict enrollment, reduce elections, and/or reduce benefits, if necessary, in such manner determined by Mayo to comply with these requirements.
DEFINED TERMS

Health Savings Account (HSA)

An account that is established with Fidelity Investments for the purpose of paying qualified medical expenses by an eligible individual who elects medical coverage under Mayo Basic.

High-Deductible Health Plan (HDHP)

A health plan as defined by section 223 of the Internal Revenue Code:

- That does not pay benefits until the covered person meets a deductible that satisfies a statutory minimum amount (the minimum deductible amount depends on the coverage level the covered person elects) and
- Under which the covered person’s out-of-pocket medical expenses do not exceed a statutory maximum amount

Mayo Basic is a High-Deductible Health Plan.
## PLAN ADMINISTRATIVE INFORMATION

| Plan Sponsor, Plan Administrator | Mayo Clinic  
200 First Street SW  
Rochester, MN  55905  
(507) 266-0440 |
<table>
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<td>Plan Sponsor EIN</td>
<td>41-6011702</td>
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| Agent for Service of Legal Process | Mayo Clinic  
William A. Brown, Assistant Treasurer  
Enterprise Benefits  
200 First Street SW  
Rochester, MN  55905  
(507) 266-0440 |
| Plan Fiscal Year                 | January 1 - December 31 |
| Type of Plan                     | Section 125 Cafeteria Plan (Non-ERISA) |
| HSA Custodian                    | Fidelity Management Trust Company  
82 Devonshire St  
Boston, MA  02109  
1-800-343-0860 |
<p>| Sources of Contributions         | You can elect to make pre-tax contributions through payroll deductions. |</p>
<table>
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<tr>
<th>Employers Participating in Mayo Flexible Spending Account Plan</th>
<th>Flexible Spending Account Plan Options Available</th>
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Health Care Flexible Spending Account  
Mayo Pre-Tax Health Savings Account |
| Mayo Clinic Health System-Lake City Medical Center | Dependent Care Flexible Spending Account  
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Mayo Pre-Tax Health Savings Account |
| Mayo Clinic Health System-Mankato | Dependent Care Flexible Spending Account  
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Mayo Pre-Tax Health Savings Account |
| Mayo Clinic Health Systems-New Prague | Dependent Care Flexible Spending Account  
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| Mayo Clinic Health System-Owatonna | Dependent Care Flexible Spending Account  
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Mayo Pre-Tax Health Savings Account |
| Mayo Clinic Health System-Red Cedar, Inc. | Dependent Care Flexible Spending Account  
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Mayo Pre-Tax Health Savings Account |
| Mayo Clinic Health System-Red Wing | Dependent Care Flexible Spending Account  
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| Mayo Clinic Health System-Waycross | Dependent Care Flexible Spending Account  
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| Mayo Clinic Jacksonville | Dependent Care Flexible Spending Account  
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Mayo Pre-Tax Health Savings Account |
| Mayo Collaborative Services | Dependent Care Flexible Spending Account  
Health Care Flexible Spending Account  
Mayo Pre-Tax Health Savings Account |
| Mayo Foundation for Medical Education and Research | Dependent Care Flexible Spending Account  
Health Care Flexible Spending Account  
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| Mayo Medical Laboratories New England | Dependent Care Flexible Spending Account  
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