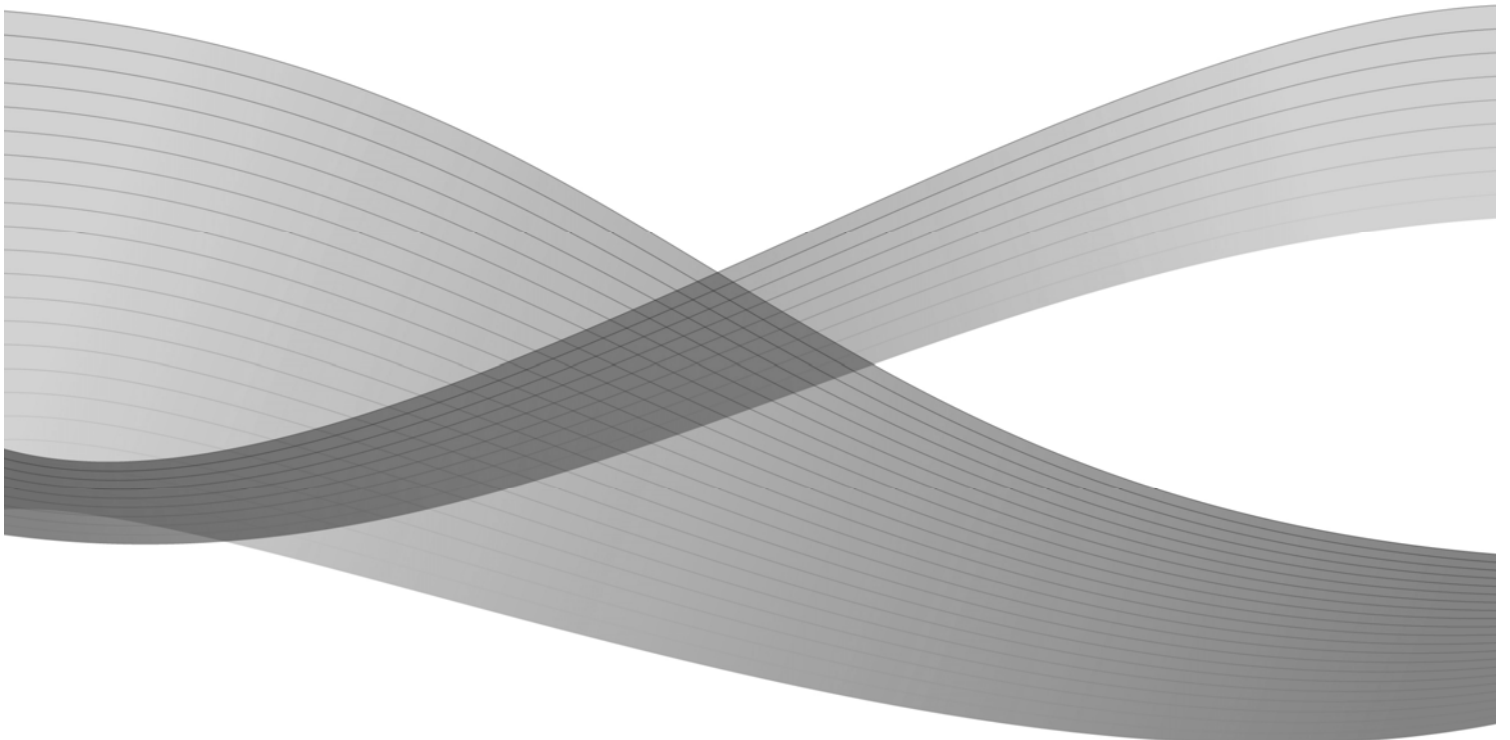


Frequently Asked Questions about Health Savings Accounts



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When you enroll in the High Deductible option, you may establish a Health Savings Account (HSA), an exclusive tax-advantaged savings account that you can use to pay for eligible health care expenses now – or save to pay for health care expenses in the future, including after you retire or leave Xerox. Following are some frequently asked questions about establishing an HSA through Xerox.

1. How do I know if I'm eligible to establish an HSA?

You are eligible to establish an HSA if:

- You enroll in the Xerox High Deductible option and
- You don't have any other coverage – through your spouse or another source – that is not a High Deductible Health Plan.

If you enroll in the Xerox High Deductible option but you are also covered as a dependent under your spouse's plan, you can only open an HSA if your coverage through your spouse also qualifies as a High Deductible Health Plan.

2. In addition to helping me pay for eligible health expenses, what other advantages are there to establishing an HSA?

If you establish an HSA and contribute through Xerox payroll deductions, your contributions will be made on a pretax basis. Plus, if you earn up to \$80,000 a year, Xerox will match the first \$450 of your HSA contribution. Please note that, if you are eligible, you must establish your HSA through Xerox's new HSA partner in order to receive the Company's matching contribution of \$450. And unlike a Salary Redirection Health Care Account, unused funds in your HSA at the end of the year remain in your account for future use.

3. I'm going to enroll in the Xerox High Deductible option. How much may I contribute to an HSA in 2010?

That depends on the coverage level you choose. For 2010, the IRS will allow HSA contributions of up to \$3,050 for an individual and up to \$6,150 for a family (no matter how many dependents you cover). You may contribute up to the full amount allowed, less Xerox's matching contribution of \$450, if you qualify to receive it.

4. If I'm not eligible to establish an HSA, or if I choose not to establish one, can I still participate in a Salary Redirection Health Care Account?

If you are not eligible to establish an HSA (for example, because you enroll in the Coinsurance Plus option) or if you choose not to establish an HSA, you may participate in a Health Care Account. You may not, however, have both an HSA and a Health Care Account.

5. How do the HSA and the Salary Redirection Health Care Account compare to one another?

The following table illustrates the key differences between the two types of accounts.

	Health Savings Account (HSA)	Health Care Account (HCA) also referred to as a Flexible Spending Account (FSA)
You must be enrolled in the High Deductible option	Yes.	No.
You can contribute on a pretax basis through payroll deductions	Yes. (provided you set up your HSA with Xerox's banking partner)	Yes.
Xerox contributes if you earn up to \$80,000	Yes; Xerox matches your contributions dollar for dollar up to \$450 for the year. (provided you set up your HSA with Xerox's banking partner)	Yes; you are eligible to receive the Xerox contribution to a Salary Redirection Health Care Account if you enroll in the Coinsurance Plus, Humana Puerto Rico, TakeCare Asia, HMSA Health Plan Hawaii, or Kaiser Hawaii option. Xerox contributions – up to \$450 for the year, depending on your annualized pay – are based on the medical option you elect, regardless of whether you contribute.
You can contribute up to	\$3,050 if you have single coverage. \$6,150 if you have family coverage. Your Xerox match counts toward these legally required maximums.	\$7,000 in 2010.
Account earns interest	Yes.	No.
You can earn interest on your investment	Yes. (once your account balance reaches \$2,000)	No.
You can withdraw up to your total annual contribution at any time during the year	You may only withdraw up to the amount in your account at any time.	Yes.
Unused funds roll over from year to year	Yes.	No.
You can take account funds with you if you leave Xerox	Yes.	No.

6. Are the same types of expenses reimbursable under both accounts?

Any expense that is eligible for reimbursement under a Salary Redirection Health Care Account is also reimbursable under an HSA.

7. I already have a Health Care Account for 2009, but I plan to enroll in the High Deductible option for 2010 and will establish an HSA. What should I do?

If you currently have a Health Care Account for 2009 and wish to open an HSA on January 1, 2010, you should plan to submit all your claims so that there are no funds remaining in your account on December 31, 2009.

If you do have funds remaining in your account as of January 1, 2010, under federal law you can't establish your HSA until April 1 (or the first of the month after the month in which you use all the funds remaining in your Health Care Account, if earlier). At that time, you can set up your HSA with Xerox's banking partner and contribute through pretax payroll deductions. If you do so and earn up to \$80,000 you will receive matching contributions up to \$450.

If you set up your HSA after January 1, the maximum amount you are able to contribute will be prorated based on the number of remaining months in 2010. If you are eligible to receive a Xerox matching contribution, however, it will not be prorated – you will receive the full \$450, no matter when you set up your account.

8. Who is Xerox's HSA banking partner?

Xerox has selected J.P.Morgan Chase as the HSA administrator for 2010. Chase is one of the most respected names in the world of banking, and a leader in the management of Health Savings Accounts. After open enrollment, if you choose the High Deductible option, Chase will contact you regarding HSA enrollment and setting your elections for payroll-based pretax contributions. Employees with an account at Xceed Financial Credit Union or Aetna can also roll-over their remaining balance to Chase once their new HSA is established.

In the meantime, if you are interested in learning more about Health Savings Account and the Chase HSA, you can access the HSA Video at www.jpmorgan.com/visit/hsavideo.

Features of the Chase HSA:

- Low total cost:
 - FDIC insured, interest bearing HSA
 - No monthly maintenance fees. Paid by Xerox as long as you remain covered as a Xerox employee or retiree.
 - No fees for opening an HSA investment account.
 - No fees for trading mutual funds.
- Flexibility:
 - No minimum balances required – you control your money every step of the way.
 - Multiple ways to pay for medical expenses: debit card, online bill pay, ATM and more.
- Support when you need it:
 - Best-in-class education materials including the Chase HSA video available at www.jpmorgan.com/visit/hsavideo.
 - Chase takes care of all the details, from day-to-day program management to IRS reporting, so you can focus on building a healthy tomorrow with your HSA.
 - Customer service from HSA professionals Monday through Friday from 8 am to 8pm Eastern time.

9. Does this mean I'll get a debit card I can use to pay for medical expenses? A checkbook?

You'll automatically receive a debit card when you establish your HSA with J.P.Morgan Chase. The debit card is provided at no cost to you. You may order HSA checks if you wish; there is a small charge to you for the checks.

10. I already have an HSA with Xceed or Aetna. What do I need to do to set up my new HSA?

If you currently have an HSA established through Xceed or Aetna, you will receive additional information after annual enrollment. You may still establish a new HSA through Xerox's new banking partner for 2010.

To find out more about making your 2010 benefits elections, visit <http://resources.hewitt.com/xerox/> or contact the Xerox Benefits Center at 1.888.979.9961.

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For Active Salaried Employees

