

Health Savings Accounts Overview

What is a Health Savings Account (HSA)?

An HSA is an individually-owned, tax-free, interest-bearing savings account that is used to pay for qualified medical expenses either now or in the future. HSA contributions can be made by you, your employer, or both.

How does the HSA work?

The HSA is paired with a qualified high-deductible health plan (HDHP). The HDHP provides traditional medical coverage while the HSA is used to pay for out-of-pocket medical expenses up to the deductible.

What is a high-deductible health plan (HDHP)?

The HDHP is a health insurance plan with IRS-established minimum deductibles and maximum out-of-pocket expenditures. Check with your human resources department for the current limits on the HDHP.

Who is eligible for the HSA?

Any individual who:

- Is covered by an HDHP and not any other health insurance.
- Is not enrolled in Medicare.
- Cannot be claimed as a dependent on someone else's tax return.

What are the advantages of the HSA?

Individual Control

Your HSA belongs to you even if you change jobs, change medical coverage, move, become unemployed or retire. You decide:

- Whether to contribute and how much.
- Whether to pay for medical expenses from the HSA or save it for future use.
- Which medical expenses to pay from the HSA.
- How to invest your HSA balance.

Tax Savings

- HSA contributions are pre-tax and tax deductible.
- HSA investment earnings and interest are not taxed.
- Unspent HSA funds can be invested tax-free.
- HSA withdrawals used to pay for qualified medical expenses are not taxed.

No Use-It-Or-Lose-It

Unused HSA funds roll from year to year.

Investment Growth

Your HSA balance can grow through investment earning like a 401(k) or IRA.

How much can I contribute to the HSA?

Because the HSA carries tax benefits, the IRS sets an annual pre-tax maximum contribution amount based on whether you have single or family coverage. If you are age 55 or older, you're allowed to contribute up to \$1,000 more than the IRS maximum each year. Check with your human resources department for the current IRS maximum contribution amounts.

How do I contribute funds to the HSA?

You have two options - payroll deduction or you can send a check with an HSA deposit slip. You will receive a supply of deposit slips in your HSA welcome kit. Note that deposits made via check are post-tax but may be tax-deductible.

HSA Eligible Expenses

- Out-of-pocket medical expenses such as copays, deductibles and coinsurance.
- Diagnostic services not covered by a health plan.
- Dental treatments such as fillings, braces or extractions.
- Hearing aids and batteries.
- Eye exams, eyeglasses, contact lenses and supplies.
- Chiropractic care and acupuncture.
- Qualified long-term care insurance (dollar limits may apply) and COBRA premiums.
- Medicare premiums.
- And more!

Where can I learn more?

Visit http://www.spendingaccounts.info/health_savings_account to learn more about the HSA.

This fact sheet provides a general overview of the HSA program and is not inclusive nor a guarantee of eligibility or payment. Please see your employer's plan documents for specifics regarding your plan. If any conflict arises between this information and your plan documents, the terms of your employer's plan will apply.