

What is an HSA?



As we all know, health care isn't cheap. So why not make the most of every dollar you spend?

Employees who participate in our High Deductible Health Plans (HDHP) are eligible* to enroll in a Health Savings Account (HSA).

A Health Savings Account is just what it sounds like—it's a personal, individual account that you can use to set aside money on a tax-advantaged basis, to use for health care expenses for you and your qualified dependents. Making contributions to your HSA on a pre-tax basis reduces your taxable income in the same way that 401(k) contributions would, meaning that you can save on taxes. Unlike a 401(k) plan, however, your HSA money—including any interest it has earned—remains tax-free even when you withdraw it, so long as it is used for an eligible health care expense that is not paid for by any insurance plan.

Eligible health care expenses include:

- » Medical expenses, including deductible, coinsurance and copays
- » Prescription drug copays
- » Long term care & Medicare insurance premiums (not Medigap)
- » Retiree health expenses
- » Dental expenses
- » Vision expenses

You can contribute to your HSA through easy payroll deductions; simply determine how much you would like to contribute. With an HSA, there is no 'use it or lose it' rule like you see in flexible spending accounts. Money left unused at the end of the year will be rolled over to the next year. Please note, the Internal Revenue Service does limit the amount that can be deposited into an HSA each year. For 2021, single subscribers can deposit up to \$3,600, while employees in the 'Employee + Spouse,' 'Employee + Child(ren)' or 'Family' coverage tiers may deposit up to \$7,200. These limits are a total of all contributions, including those made by your employer.

* Employees enrolled in an HDHP are eligible to enroll in the HSA so long as they are not covered by any other non-high deductible health plan, including Medicare.



Benefits of an HSA

- » Contributions to an HSA are tax-free (federal tax and FICA).
- » Interest earnings are tax-free.
- » Anyone can contribute to your HSA.
- » Unused funds roll over year after year.
- » Your HSA account is fully portable—you can keep it even if you discontinue your employment or disenroll from the HDHP.
- » Money you save is available for health care purchases now, or at any time in the future, even if you no longer participate in a high deductible health plan (though you may only contribute to an HSA while you are enrolled in a high deductible plan).
- » If you are 55 or older, you can make a "catch-up" contribution to your HSA of up to \$1,000 each year.