

Advantages of a Health Savings Account

A health savings account (HSA) is an account funded to help you save for future medical expenses. There are certain advantages to putting money into these accounts, including favorable tax treatment.



Security

Your HSA can provide a buffer for unexpected medical bills.



Affordability

In most cases, you can lower your health insurance premiums by switching to health insurance coverage with a higher deductible



Flexibility

You can use your HSA to pay for current medical expenses, including expenses that your insurance may not cover, or save your funds 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 HSA for future medical expenses and grow your account through investment earnings.



Control

You make the decisions regarding:

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



Portability

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

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



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
3. Tax-free withdrawals for qualified medical expenses

HSAs may not be right for all employers or individuals.

To learn more about health savings accounts or how to get started, contact HR today.

