

HSA Basics



WHAT IS AN HSA?

A **Health Savings Account (HSA)** is a tax-advantaged account that allows you to save and pay for medical expenses, offering long-term benefits as part of a **high-deductible health plan (HDHP)**.

ELIGIBILITY

To open and contribute to an HSA, you must:

- Be enrolled in an **HDHP**.
- Not be covered by other health plans (with certain exceptions).
- Not be claimed as a dependent on someone else's tax return.

ADVANTAGES

- **Tax Efficiency:** Contributions are tax-deductible, and any earnings grow tax-free when used for qualified medical expenses.
- **Long-Term Investment Potential:** After building up your HSA, you can invest the funds for growth, using it as an additional retirement savings vehicle.
- **Portability:** Since the HSA is owned by the employee, it stays with you even if you change jobs or health plans.

WAYS TO FUND YOUR HSA

- **Employee Contributions:** Contribute pre-tax through payroll deductions, reducing your taxable income.
- **Employer Contributions:** Employers may offer incentives like wellness bonuses or direct HSA contributions for choosing an HDHP.
- **Family Contributions:** You can also contribute personally by writing a check or transferring funds from your personal account.

CONTRIBUTION LIMITS

- **Single:** Max annual contribution based on age.
- **Family:** Higher contribution limits for family coverage.
- **Catch-Up Contributions:** Those aged 55+ can contribute extra.

