

HSA (Health Savings Account)

Overview

An HSA is a healthcare benefit account for people enrolled in a high-deductible health plan (HDHP). Each payday, account owners put money into their HSA before taxes are taken out (or post-tax, which can be included on tax returns). The money in a health savings account can be used to pay for IRS-approved eligible expenses for themselves and their dependents, or saved for retirement.

Triple Tax Savings

- Contributions are tax-free (or tax-deductible)
- Withdrawals for approved healthcare expenses are tax-free
- Account balance earns interest or can be invested tax-free



HSA Benefits Include:

- **You own the HSA.** If you leave your job for any reason, you keep the account forever and can continue using the money. Keep in mind, you can only add money to your HSA if you're enrolled by a qualified HDHP.
- **There is NO “use it or lose it”!** At the end of each plan year, the unused balance in your account rolls over to the next year. You can keep growing your account without worry.
- **Invest those dollars.** You can really help your account balance grow through [investing](#). Talk to your administrator about meeting your minimum balance (if there is one) so you can start investing.
- **“Catch up” contributions.** In the year of your 55th birthday, you can start contributing an extra \$1,000 over the annual limit.
- **The “other” retirement account.** Your health savings account can be used like a 401(k) retirement account. Starting at age 65, any withdrawals for non-qualified expenses are taxed as regular income. Any money used for eligible medical expenses will not be taxed.

Eligible Expenses

People commonly use their HSA to cover:

- Copays
 - Deductibles
 - Vision care, including exams, eyeglasses and contacts
 - Dental care, including exams, cavity fillings, and dentures
 - Prescription and [over-the-counter](#) medications
- Visit the IRS webpage for a complete list of [eligible medical expenses](#). You can also contact your HR department or Benefits Representative for more details.

Spending Limits

The only spending limit on an HSA is the balance in your account. However, after you open an HSA, you can save your healthcare receipts and file them at

any time for later reimbursement. That way, if you don't have the HSA money at the time, you can still get the non-tax benefits down the road.

Tax Penalty

If you're under age 65 and withdraw HSA funds for [non-eligible expenses](#), you'll be penalized. The IRS imposes a 20 percent penalty, plus you will have to file the withdrawal as income on your annual tax return.