Health Savings Account

Benefits and Features

Health Savings Accounts (HSAs) Are a Great Way to Save!

- Savings accounts for individuals and families with qualified High Deductible Health Plans
- A Health Savings Account is an IRA-like account that allows you to save for present and future health expenses
- Contributions are limited and will be reported to the IRS
- Qualified withdrawals are tax and penalty free at any time regardless of age or length the account has been opened if used for qualified health expenses

Let Your Money Grow

- Your HSA account earns interest according to your selected institution guidelines

Easy Options for Contributions and Withdrawals

- Easy, convenient access through HSA check card and HSA checks
- Anyone can contribute to your HSA on your behalf, including employers and family
- IRA holders are permitted to make a one-time transfer to their HSAs

Health Savings Accounts Offer Great Benefits!

- **Tax Savings:** An HSA provides you with triple tax savings: (1) federal tax deductions when you contribute to your account; (2) tax-free earnings through investment, and (3) tax-free withdrawals for qualified medical expenses
- **Flexibility:** You can use the funds to pay for current medical expenses or save the money in your account for future qualified medical or retirement health needs
- **Ownership:** Funds remain in the account from year to year, just like an IRA. There are no “use it or lose it” rules with HSAs
- **Portability:** HSAs are completely portable, meaning you can keep your HSA or move it between financial institutions, even if you change jobs, change medical coverage, become unemployed, etc.

Contribution Maximums

The maximum contribution limit is set by the IRS and depends on if you have single or family coverage.

Maximum Contributions			
Year	**Self Only Coverage**	**Family Coverage**	**Catch Up Contributions**
2025	$4,300	$8,550	$1,000 (age 55+)
2026	$4,400	$8,750	$1,000 (age 55+)

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How Am I Eligible to Open a Health Savings Account

An eligible individual is someone who:

- Is covered under a qualified HDHP on the first day of the month in which the HSA is established
- Is not covered by another health plan that reimburses you for expenses, unless it is another HDHP (exceptions exist for insurance that covers accidents, disability, dental, vision, long-term care, and other "permitted insurance")
- Is not enrolled in Medicare
- Cannot be claimed as a dependent on another person's tax return

What is a qualified High Deductible Health Plan (HDHP)

A qualified HDHP is a High Deductible Health Plan that does not offer first dollar medical and prescription expenses and meets the following criteria:

Year	Type of Coverage	Minimum Annual Deductible	Maximum Out-of-Pocket Expenses
2025	Single / Family	$1,650/$3,300	$8,300/$16,600
2026	Single / Family	$1,700/$3,400	$8,500/$17,000

Tax Information

- If your employer allows, you can make pre-tax contributions via payroll deductions
- Contributions are **federally** tax deductible. You can deduct contributions (even if you do not itemize deductions) when completing your federal income tax return. Dividends earned are tax free.
- Funds can be withdrawn at any time tax and penalty free as long as money is used towards qualifying medical expenses (See IRS 213(d) expenses)
- All contributions will be reported to the member and the IRS on Form 5498-SA
- All withdrawals made will be reported to the member and IRS on Form 1099-SA

Frequently Asked Questions

- **Can I transfer my existing HSA over to a new vendor?**
  Yes, HSAs are portable; you can transfer your HSA assets from one financial institution to another.
- **Once I have Medicare, can I still use my HSA?**
  Yes and no. Once you have Medicare, you can no longer make contributions to your HSA but you can still withdraw the funds for qualified medical expenses.

Where Can I Find Additional Online Resources?

- For general information on HSAs, look up "HSA Publications" on www.irs.gov
- For a list of qualifying medical expenses can be found on the IRS website