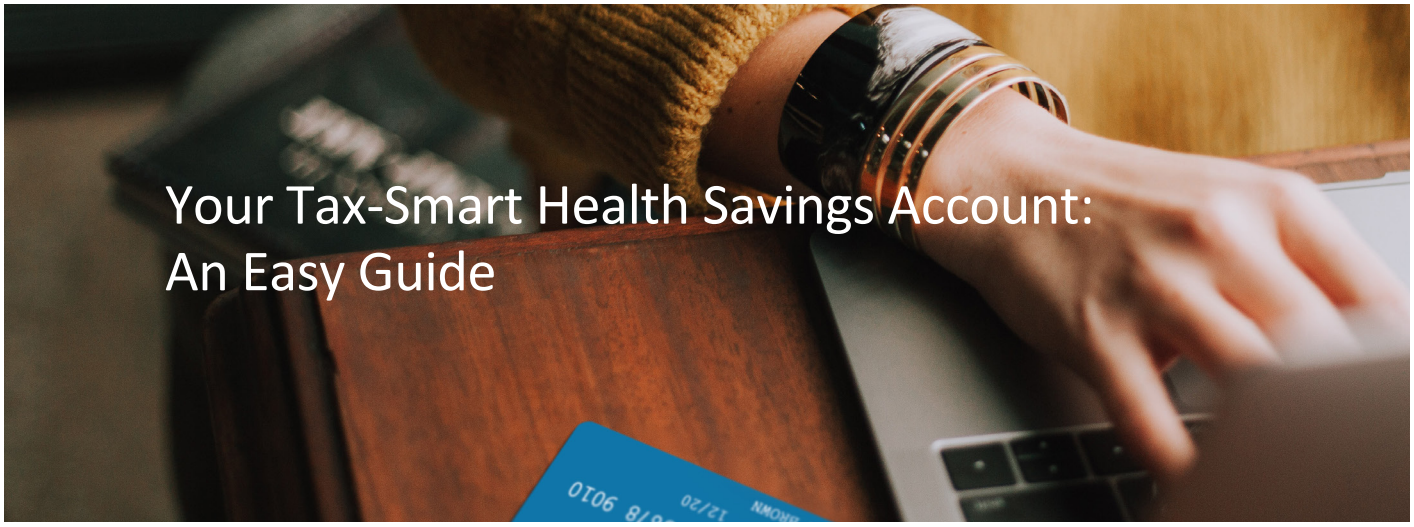

Your Tax-Smart Health Savings Account: An Easy Guide

We'll make this simple: A Health Savings Account, or HSA, helps you pay less in taxes, boost your take-home pay, and keep more of the money you've earned. Here's how.

What's an HSA

A health savings account (HSA) is a tax-advantaged account that works in conjunction with an HSA-eligible health plan that meets IRS guidelines and allows the participant to save tax-free money for eligible medical expenses. Money in an HSA rolls over year after year and is owned by the participant even if they change jobs or health plans. And it covers eligible expenses for you, your spouse and your dependents. Which means you could pay less in taxes and keep more spendable income.

How your HSA works. In three easy steps.

1. When you enroll in an HSA qualified-plan, a Health Savings Account will be created for you at a sponsor bank. And you'll have access to a secure, easy-to-use web portal where you can track your HSA account balance, submit requests for reimbursements, and much more.

2. Once enrolled, you and your employer can deposit money into your HSA account, any time, up to IRS limits.

3. Depending upon your employer, you may also also receive a convenient benefits debit or HSA Card. It works just like any other credit card, but you use it to pay for eligible health purchases, products and services, and payments are automatically taken from your HSA account. With no out-of-pocket costs and no receipts to submit.

Why an HSA makes smart sense.

- **Your HSA is exactly that: Yours.** And the money in your HSA account stays with you, even if you change jobs.
- **The money you put into your HSA is tax-free,** both when you put it in and when you take it out to cover qualified medical expenses. That means an HSA could reduce your taxable income.
- **The money in your HSA grows tax-free.** Once your balance reaches the investment threshold, you can begin investing in mutual funds. If you earn money on your investments, you don't pay income tax on that money, either.
- **The HSA money you spend is tax-free,** as long as it goes toward eligible medical expenses.
- **Your HSA money is yours to withdraw and use** at any time for eligible medical expenses.
- **When you turn 65, you can withdraw and use your HSA funds,** tax-free, for qualified medical expenses. And when used for non-eligible purposes, your HSA funds are subject to ordinary tax rates.

* The list of eligible OTC items has changed per the Patient Protection and Affordable Care Act of 2010. Visit www.irs.gov or contact your Plan Administrator for more information.

A few other things to note about an HSA

Eligibility rules apply.
To deposit money into an HSA, you must be enrolled in an HSA-eligible health plan. You are eligible if:

- You are covered under an eligible high-deductible health plan (HDHP).
- You are covered by no other health coverage, unless it is permissible coverage like vision or dental.
- You are not enrolled in Medicare.
- You cannot be claimed as a dependent on someone else's tax return.

[Some other restrictions apply. Please consult your tax, benefits or financial advisor.]

Contribution limits are determined every year by the IRS.

- For 2027 you can deposit up to $4,500 if you have individual coverage and $9,000 if you have a family policy. The IRS also allows you to make an extra catch-up deposit of $1,000 if you are 55 or older.
- You can make contributions all the way up to the tax-filing deadline (usually April 15) and still get tax credit for the previous year.

A Health Savings Account can give you peace of mind.
Learn more: driven125.com

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The amount you save in taxes with an HSA will vary depending on the amount you set aside in your HSA account, your annual earnings, whether or not you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return(s), your tax bracket, and your state and local tax regulations. We suggest you consult with your tax advisor for information on how your participation in an HSA will affect your tax savings.

This is intended only as an overview of some of the benefits of an HSA. If there is a discrepancy between this material and your official plan document, the plan document will govern. ©2019 All rights reserved WEX Inc.