

Making the Most of Your HSA

What is a Health Savings Account? What are the advantages?



WHAT IS AN HSA?

A Health savings account (HSA) is a type of account you can use to pay for certain out-of-pocket health care expenses if you have a high deductible health plan (HDHP). HSAs are tax-advantaged, which means you don't pay taxes on contributions or withdrawals on qualified expenses.

ADVANTAGES

1

The money in the account is yours and is still available to you even if you switch plans or change jobs.

2

If you don't spend the money in the account, it rolls over to the next year. There's no limit to how much money may be rolled over.

3

HSAs have what's called a triple tax advantage—contributions are tax free, earnings from interest are tax free and withdrawals are tax free (as long as they're for qualified expenses).

4

You can invest the money in your HSA so it can grow even more.

5

Most HSAs have a debit card to use on qualified expenses, making the process easy.

GOOD TO KNOW

You must have a high deductible health plan to open an HSA.

The annual contribution limit set by the IRS is \$3,600 for 2021.

If you use HSA funds for anything other than qualified expenses, you will have to pay a penalty and income taxes on those funds.

After age 65, you may use the HSA money for expenses other than qualified medical expenses without a penalty, but you'll have to pay taxes on the withdrawals.



This summary is intended to convey general information and is not an exhaustive analysis. This information is subject to change as guidance develops. USI does not provide legal or tax advice. For advice specific to your situation, please consult an attorney or other professional.

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HOW YOU CAN USE HSA FUNDS:



DENTAL CARE



MEDICAL EXPENSES NOT COVERED BY YOUR PLAN



VISION CARE



PRESCRIPTION DRUGS



ORTHODONTICS



OVER-THE-COUNTER MEDICINE



PHYSICAL THERAPY

See IRS Publication 502 for more information on what's eligible for HAS reimbursement.



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