

WHAT IS AN HSA?



A Health Savings Account (HSA) is a tax-advantaged savings account that can be used for your health care expenses. Money comes out of each paycheck and is deposited into the account for future use.

If you have a high deductible health insurance plan, an HSA can help provide some security for your health care costs and limit out-of-pocket expenses.

Advantages of an HSA

An HSA can help you save money and conveniently pay for health care costs.

An HSA provides triple tax benefits. Since the deposits are coming straight out of each paycheck, the money you contribute to an HSA is pre-tax, and the interest that accumulates in the account is tax-free. In addition, money withdrawn from an HSA is not taxed, provided that you use it for qualified medical expenses.



You can budget how much you contribute to your HSA, and any unspent dollars will roll over each year.

For example: You have a \$1,500 annual deductible health plan and contribute \$1,000 each year to an HSA. During that first year, you add a total of \$1,000 to your HSA, and your total health care expenses are \$150. If you use the money from your HSA to pay for your health care expenses, your balance at the end of that year will be \$850 (not including interest earnings). During the next year, you also contribute a total of \$1,000 and your total health care expenses for the year are \$300. At the end of that second year, your remaining HSA balance will be \$1,550. This balance will continue to grow each year and be available for you to use for future health care expenses.

Some employers may also choose to contribute to an HSA.

Is an HSA Right For You?

HSA's can be very cost effective, but they are not for everyone.

An HSA is a good option for someone who is young and generally healthy. If you have a high deductible health insurance plan and are able to come up with a reasonable estimate of your health care expenses each year, you could potentially save a great deal of money with an HSA.

If you have a chronic condition but know your annual expenses and are able to budget enough money to cover your health care costs, an HSA could also be beneficial.

To find out more about whether an HSA is right for you, contact your HR representative.



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