



# A Beginner's Guide to HSAs | For Participants



## *Meet your health care savings sidekick*

With a Health Savings Account (HSA), you will enjoy tax savings on everyday healthcare expenses, earn interest on any remaining balance and be able to invest in your future health.

### **How to Participate**

If you enroll in a compatible High-Deductible Health Plan (HDHP), you will have the ability to open an HSA. You must also not be covered by another non-qualifying health plan, such as Medicare or Medicaid, and you must not be claimed as a dependent on someone else's tax return.

### **How do HSAs work?**

**Allows you to pay for eligible healthcare expense tax-free.** HSAs allow you to set aside tax-free money for planned or unplanned healthcare expenses.

**It's your money.** No matter who contributes to the account, you, your employer, or your Great Aunt Marjorie the money will be yours to keep as the accountholder.

**Your balance will roll-over from one year to the next.** Any balance that is not used at the end of the year rolls over in the account, even if you change your job or retire.

**Use it to pay for eligible expenses for your spouses and dependents too.** The whole family (as long as they are your tax dependents) can benefit from your HSA even if they aren't covered by a high deductible health plan.

**You can invest to save even more.** Your account balance earns interest and may be invested. Interest rates and investment options vary based on where you open your HSA.

**Your balance can even build up to a substantial retiree account for your healthcare expenses.** Unlike a Traditional IRA or 401(k), your money will NEVER BE TAXED if it is used for qualified healthcare expenses.

**You Control When You Spend It:** As long as you meet the requirements to establish an HSA and have opened your account, you can use your tax-free money to pay for qualified healthcare expenses. Most of these expenses will go towards meeting the deductible of your health plan. However, if you don't have enough money in the account at the time you incur an eligible healthcare expense, you can contribute money afterwards and pay yourself back at a later date ensuring you benefit from the tax savings. Common ways of using your HSA: Pay from your account as you incur expenses, save the funds in case of a catastrophic event, or invest your balance and save for retirement.



In the case you reach your HDHP's deductible, your coinsurance will kick in (which is subject to an out-of-pocket maximum) which will help curb costs for the rest of the plan year.

## HSA Limits

The IRS updates HSA limits annually to reflect cost-of-living adjustments. Here are the numbers for 2018 and 2019:

2018	2019
<b>PLAN DESIGN (Minimum Deductible)</b>	
\$1,350 / Individual \$2,700 / Family	\$1,350 / Individual \$2,700 / Family
<b>OUT-OF-POCKET (Maximum)</b>	
\$6,650 / Individual \$13,300 / Family	\$6,750 / Individual \$13,500 / Family
<b>CONTRIBUTIONS (Maximum)</b>	
\$3,450 / Individual \$6,900 / Family \$1,000 Catch-up*	\$3,500 / Individual \$7,000 / Family \$1,000 Catch-up*

*\*If you are 55-65 years of age, you can make an additional "catch-up" contribution.*

**Note regarding asterisk above:** You can contribute an additional "catch-up" contribution if you are age 55 or older and meet the HSA eligibility criteria. This includes people that are covered by a qualified high deductible health that are over age 65 and who have not yet enrolled in Medicare.

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