

## Health Savings Account FAQ

**What is a Health Savings Account?** A Health Savings Account (HSA) is a tax favored savings account which allows funds to be accumulated tax-free to pay for current and future qualified medical and retiree healthcare expenses. HSAs were made possible by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. HSAs must be paired with a qualified High Deductible Health Plan (HDHP). A health plan must satisfy certain deductible and out-of-pocket expense requirements in order to be considered a qualified HDHP. Individuals, employers, and their employees may contribute to an HSA.

**Who is eligible for HSA?** Any individual that is covered by an HDHP, is not covered by other health insurance, is not enrolled in Medicare, and cannot be claimed as a dependent on someone else's tax return.

**Are there income limits on who may contribute to an HSA?** No.

**Do you have to have earned income to contribute to an HSA?** No.

**Is there an annual fee?** No annual fee.

**Is there a monthly service charge?** No monthly service charge.

**Is there a minimum balance required?** No minimum balance requirement

**Are HSA accounts interested bearing?** Yes

**How do I access funds in my HSA?** Funds can be accessed by writing a check or using your Visa Debit Card.

**Is there a limit to the number of checks?** Yes, you can write up to 5 checks per month and then it's .25 per each additional check after that.

**Do funds in account have to be used within a specific time frame to avoid losing?** No, funds remain in the account year to year. There are no "use it" or "lose it" rules for HSA's

**Does an HSA provide tax savings?** Yes, you receive tax deductions when you contribute to your account, tax-free earnings through your investment, and tax-free withdraws if used for qualified medical expenses. Please ask your tax advisor.

**Do the contributions have to be made by an employer or individual?** Contributions can be made by an employer, an individual or both. If made by the employee, it is not taxable to employee (excluded from income & wages). If made by the individual, it is an above-the-line deduction (or pre-tax Cafeteria Plan) and contributions can be made by others on behalf of an individual and deducted by the individual.

**What is the maximum amount that can be contributed to an HSA?** For 2018, the maximum that can be contributed (and deducted) to an HSA from all sources is \$3,450 (individual

coverage) and \$6,850 (family). For individuals age 55 and older, additional catch-up contributions are allowed of an additional \$1,000.

**Can you contribute funds from an IRA?** Starting in 2017, individuals can make a one-time transfer from their IRA, subject to the applicable contribution limits for that year.

**What can I use my HSA account to pay for?** You can use the money in your HSA account to pay for “qualified medical expenses” permitted under federal tax law. Qualified medical expenses must be incurred on or after the date the HSA was established in order to be reimbursed.

**Can my HSA only be used for my qualified medical expenses?** No, you can use the money in the HSA account to pay for medical expenses for yourself, your spouse, or your dependent children (even if they are not covered by your HDH).