



WHY DO I NEED...

# A Health Savings Account?

## WHAT IS IT?



A **Health Savings Account (HSA)** is like a piggy bank for medical expenses with funds that build over time. You can use the funds now, or save them for the future. Additionally, the funds in an HSA can be invested and earn interest, tax free. If you want to enroll in an HSA, you'll need to enroll in an HSA-compatible health plan.

## WHAT IS IT USED FOR?



The money in an HSA can be used to pay for qualified medical expenses for you or your dependents (if filed on your taxes). HSA funds can be used at any time after the HSA is opened. You should always save your receipts after making an HSA-qualified purchase, as this will allow you to reimburse yourself from the HSA at a later date. Finally, in addition to using an HSA for qualified medical expenses, it can be used as a retirement account (however, taxes may apply).

## HOW DO I SAVE MONEY?



As the name implies, an HSA is both a savings tool and a health tool. The money in the account is not taxed, and you save approximately one dollar for every three dollars you put into the account (depending on your tax rate). The more you contribute to an HSA, the greater your savings. If you decide to invest your HSA funds, your earnings are also tax free. The IRS sets annual limits on HSA contributions.

## TAX SAVINGS EXAMPLE

You put \$2,500 into your HSA for the year and you are taxed at a rate of 35%. You save \$875 annually.\*

\*For illustration purposes only. Individual tax rates and maximum limits apply.

## CALCULATE YOUR SAVINGS

Annual Election x Tax Rate = Annual Savings

\$ \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_

## WHY DO I NEED THIS PLAN?

An HSA is probably one of the best health and financial choices you can make, as long as you are eligible for an account. Ask your employer for more details on when you can enroll.



- **An HSA is yours.** Unlike other benefit plans, the money in an HSA belongs to you and rolls over automatically every year. You take it with you even if your employment changes.
- **An HSA has no time limit.** You can use it every day or let it stay in the account to accumulate as savings. You can choose to use up all the funds every year – or let them roll over for months, years, or even decades.
- **An HSA can be invested.** This is the only pre-tax account with funds that you can invest.
- **An HSA offers a triple-tax benefit.** Money deposited, interest earned, and withdrawals for medical expenses are not taxed.

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