

2.3: READ- HSA Health Savings Accounts



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HSA like a Pro!

Stretch your dollars further and put more money in your pocket. Health Savings Accounts empower you to save more, spend smarter and invest in your healthcare.

What is a Health Savings Account?

HSAs are tax-advantaged member-owned accounts that let you save pre-tax¹ dollars for future qualified medical expenses. You can invest in mutual funds tax-free—and funds never expire.

Am I eligible for a Health Savings Account?

HSAs are available exclusively to those with a qualifying health plan.

- You are eligible if you have a High-deductible health plan
- You are not eligible if you have Healthcare coverage beyond qualified health plans (including Medicare enrollment)
- You are not eligible if you are being claimed as a dependent on someone's tax returns.
- You are not eligible if you are Receiving Veterans Affairs benefits within the past three months

How do I sign up?

You can enroll in an HSA-qualified health plan and sign up for an account during your organization's annual open enrollment. If you have a high-deductible health plan on your own—not offered through an employer—you can sign up right now.

Save

- Put more money in your pocket.
- Enjoy lower health plan premiums
- Qualified health plans offer lower premiums, enabling you to save potentially thousands every year.
- Keep your premium savings
- Just put the extra money you would've paid toward traditional premiums into your account. Voila!
- Long-term savings.

Comparison FSA and HSA Plans

FSA	HSA
Traditional health plan	HSA-qualified health plan
Higher premiums	Lower premiums
Lower deductibles	Higher deductibles
Doesn't cover premium payments	Cover premium payments
Funds expire	Funds don't expire

Unlike Flexible Spending Accounts (FSA), you own your HSA. That means your entire balance rolls over every year—even if you change health plans, retire, or leave your employer.

HSA vs FSA comparison

The more you contribute, the more you save

Each contribution potentially reduces your annual tax bill. Link a bank account and make tax-deductible contributions anytime.

HSA Annual Contribution Limits

Tax year Individual coverage limit Family coverage limit

2024 \$4,150 \$8,300

2025 \$4,300 \$8,550

At age 55, members can contribute an additional \$1,000 beyond IRS limits.

Spend

Stretch your dollars further.

HSA qualified medical expenses

Because of the tax savings on contributions, you can save an average of 30 percent on qualified medical expenses, including but not limited to:

- Acne Medicine
- Braces
- Crutches
- Dentures
- Eyeglasses
- Eye Surgery
- Flu Shot
- Hearing Aids
- Motorized Wheelchair
- Prescriptions
- X-Rays
- Allergy Medicines
- Contact Lenses
- Dental Cleanings
- Doctor Fees
- Eye Exams
- Face Masks
- Hand Sanitizer
- Ibuprofen
- Orthodontia
- Sanitizing Wipes

Your Savings Can Add Up Fast

Here's an example based on \$4,000 annual spending and a 30 percent effective tax rate.

Medical expenses

\$3,000

+

Vision expenses

\$500

+

Dental expenses

\$500

Annual tax savings

=

\$1,200

Consider generics

Generic medications cost 20 to 70 percent less than branded medications.

Prefer urgent care

Emergency room visits cost up to 5X more than urgent care.⁸ Unless it's a life-threatening event, consider urgent care instead.

Comparison shop

Whether you need a simple procedure or even major surgery, be sure to get prices from several healthcare providers.

Invest

Build long-term health savings.

HSA investing

Invest your money just like a 401(k)

- Access liquid funds anytime
- Enjoy lower fees and transparent pricing

Comparison 401(k) and HSA Investments

401(k)	HSA
FICA taxed contributions	100% tax deductible contributions
Tax-free earnings	Tax-free savings
Medical expenses taxed as ordinary income	Tax-free distribution for medical expenses
Regular expenses taxed as ordinary income	Regular expenses taxes as ordinary income
Minimum distributions required	No required minimum distributions

HSA vs. 401(k)

Both accounts let you make pre-tax contributions and grow tax-free earnings. But only an HSA lets you take tax-free distributions for qualified medical expenses. After age 65 you can use your health savings account for any expense, you'll simply pay ordinary income taxes— just like a 401(k).

HealthEquity does not provide legal, tax or financial advice. Always consult a professional when making life-changing decisions.

Source: "HSA like a pro." HSA Guide. HealthEquity.

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