

Health Savings Account

WHAT IS AN HSA?

A Health Savings Account (HSA) is a tax-exempt financial account that you can use to save for and cover the cost of eligible medical expenses.

With an HSA, you can set aside money earmarked specifically for healthcare costs, then deduct those contributions from your income on your tax return. The funds in your HSA also grow tax-free, and you can use them on a tax-free basis to pay for eligible medical expenses.

HSAs are portable accounts, which means that you don't have to worry about losing your money when you switch jobs. It stays with you wherever you go.

BENEFITS OF AN HSA

TRIPLE TAX ADVANTAGES

- Pre-tax or tax-deductible contributions.
- Tax-free interest and investment earnings.
- Tax-free distributions, when used for qualified medical expenses.

ABILITY TO INVEST FUNDS

You can invest your HSA savings for the long-term. Stocks, bonds, ETFs, mutual funds are all available through Lively.

STAYS WITH YOU FOR LIFE

Unspent HSA funds roll over each year, building a nest egg for your future retirement just like a 401(k) or IRA. This is true even if you leave your employer or change your health plan.

ADDITIONAL HEALTHCARE SAFETY NET FOR YOUR FAMILY

Anyone who is enrolled in an HDHP can contribute funds and those funds may be used for eligible expenses incurred by certain others, such as spouse or tax dependent.

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SAVE, SPEND OR INVEST

Your HSA funds are available for you to use in multiple ways. If you don't have enough eligible healthcare costs, you can save any money you or someone else has contributed to your HSA until you need it. You can also choose to invest that savings.

ACCOUNT ELIGIBILITY

There are two components to HSA eligibility: whether you can open or contribute to an HSA at all and how much you can contribute each year.

THE BASIC REQUIREMENTS FOR HSA ELIGIBILITY ARE:

- You're covered by a qualifying High-Deductible Health Plan (HDHP).
- The HDHP is your only health insurance coverage. Meaning, you don't have supplemental coverage from a spouse or other family member (dental and vision is fine).
- You don't have or use a General Purpose FSA (Flexible Spending Account). But, you are allowed to have a Limited Purpose FSA for dental, vision, or a Dependent Care FSA. Note: You can have an existing HSA and open an FSA. Your HSA funds will remain, but you cannot continue contributing to the health savings account.
- No one else can claim you as a dependent on their tax return.
- You're 18 or older and not enrolled in Medicare (Part A and Part B) or Medicaid.

HSA QUALIFIED EXPENSES

You can use your HSA funds on all qualified medical expenses as defined by the IRS. The IRS Publication 502 has the full list of things that are qualified, are not qualified, and could potentially be qualified based on certain circumstances.