Things to know about your HSA

HSAs offer triple tax advantages

- Contributions are pretax dollars, which means you do not pay taxes on the money you set aside in your HSA.
- Money deposited in your HSA can earn interest.
- Your interest and investment earnings accumulate in your HSA tax-free if used only for qualified medical expenses and premiums for certain insurance coverages.
- You won't pay federal income taxes, Social Security or Medicare payroll taxes for the amount contributed to your HSA.

It's real money that's always yours and you decide how it's spent

- Your employer has no say about the usage of the dollars in your fund and you decide how it's spent.
- Any money in your HSA will be yours, even if you leave the qualified high deductible health plan (QHDHP) that offered you the initial HSA.
- When enrolled in a qualified high deductible health plan, you decide how much to fund your HSA up to the IRS annual contribution limit.
- This is your money to keep, save and invest to meet your short- or long-term health care savings goals.

You can use your HSA debit card at the pharmacy

- First, present your medical ID card to the pharmacist to purchase a prescription.
- Your pharmacy benefits manager will discount the drug and may pay a portion of the claim.
- You may then use your HSA debit card or another form of payment to pay the remaining balance.

Create a health care "nest egg" for you and your family

– more –

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Only use your HSA debit card after you received your EOB

- For medical claim payments, wait for your claim to be submitted so discounts can be applied.
- Once you receive your explanation of benefits (EOB) and bill from the doctor, you can then make your payment for the amount you owe, from you HSA.

Consider saving your HSA dollars for retirement medical expenses

- You might want to consider treating your HSA like a 401(k) or IRA.
- Your interest and investment earnings have the same tax-free status as your contributions.
- This allows you to build up more money for medical expenses after you retire.

Spend your HSA dollars only on qualified medical expenses

- If you do so, you will not have to worry about paying penalties or having your HSA funds taxed.
- Save your receipts in case you are audited.

Try to avoid spending HSA dollars on non-medical expenses

- You will have to pay taxes on any HSA money spent on non-medical purchases.
- You will also be subject to an additional 20 percent penalty if you are under the age of 65.

Maximize your benefits

- There are two components to your health benefits: your HSA and a qualfied high deductible health plan (QHDHP). You must use both for maximum benefits.
- You are only allowed to contribute to your HSA when you are enrolled in a QHDHP.
- If you ever leave your current employer, you will need to enroll in another QHDHP to continue to contribute to your HSA.
- To be eligible to contribute to an HSA, you must not be covered as a dependent by a non-QHDHP.
- You may use your HSA to cover medical expenses not paid by your health plan, even after you are no longer covered by a QHDHP.

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