

# Employee FAQ Health Savings Account (HSA)

## What is a Health Savings Account (HSA)?

An HSA is a pre-tax benefit created for the purpose of saving and paying for qualified medical, dental, and vision expenses in connection with a High Deductible Health Plan (HDHP). Funds are taken out pre-tax via payroll deduction.

An HSA is an individual account and is 'portable' should the employee change employers or leave the work force. The funds will stay with the individual and not the former employer.

## Why should I participate?

HSA funds contributed have triple-tax savings.

### 1. Money goes into the account tax-free.

Most employers offer contributions via payroll deduction which allows you to make contributions to your HSA on a pre-tax basis. This means the contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate.

You can contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

### 2. Money comes out tax-free.

Eligible healthcare purchases can be made tax-free when you use your HSA.

### 3. Earn interest, tax-free.

The interest on HSA funds grows on a tax-free basis. Interest earned on a HSA is not considered taxable income when the funds are used for eligible medical expenses.

## Am I eligible to participate in a HSA?

You must be enrolled in a qualified HDHP to be eligible to participate in a HSA.

## What plans make me not eligible for an HSA?

If you are enrolled under a secondary health insurance plan, enrolled in Medicare, or are another person's dependent, you are not eligible to enroll in an HSA.

There is no eligibility requirements to spend previously-contributed HSA funds.

## What is the maximum I can contribute?

<b>HSA contribution limit (employer + employee)</b>	Self-only: \$3,600 Family: \$7,200
HSA catch-up contributions (age 55 or older)	\$1,000
HDHP minimum deductible	Self-only: \$1,400 Family: \$2,800
HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums)	Self-only: \$7,000 Family: \$14,000

## Can I change my contribution during the year?

Yes, you are able to make changes to your HSA contributions by reaching out to your employer so they are able to change your payroll deductions.

## How do I access my HSA funds?

Upon enrollment, you will receive a welcome letter along with a mypreTax Benefits Card. Your HSA funds will be on the debit card. You will also have access to the Participant Portal. Through the Participant Portal you will be able to pay the provider directly or reimburse yourself for out-of-pocket expenses.

## **Will I need to submit a receipt for a claim?**

No, per IRS regulations, documentation is not required for HSA claims. It is the responsibility of the individual to keep their receipts should they ever be audited by the IRS.

## **What if I already have a HSA with another bank or previous employer?**

You are able to transfer your funds from your current HSA account to your HR Simplified HSA account. Fill out a transfer form that is available online through the Participant Portal. There is no penalty for having more than one HSA open at a time, but each account may have a monthly fee.

## **What happens if I leave my current employer?**

HSAs are portable and move with you if you change employment. Your HSA belongs to you, not your employer and you will not lose funds that are already in your HSA account.

## **Can I invest my funds?**

Once you hit the minimum amount required by the custodian bank you will be able to invest into the provided mutual funds through the Participant Portal.

You can choose from a selection of mutual funds and setup an allocation model for future transfers.

## **Can I transfer funds between the cash and investment accounts?**

Yes, you can transfer money between your HSA cash and HSA investment account at any time through the Participant Portal.

## **Can I withdraw the money for non-healthcare purchases?**

Yes, if you withdraw the money for an unqualified expense prior to age 65, you'll pay a 20% excise tax. You can withdraw the money for any reason without penalty after age 65, but you are subject to applicable income taxes.

## **Can I roll over or transfer funds from my HSA or Medical Savings Account (or Archer MSA) into a HSA?**

If you are enrolled under a secondary health insurance plan, enrolled in Medicare, or are another person's dependent, you are not eligible to enroll in an HSA.

There is no eligibility requirements to spend previously-contributed HSA funds.

## **Is tax reporting required for an HSA?**

Yes, the IRS requires that Form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. Forms will be available online through the Participant Portal at the beginning of the following year.

## **Can I still deduct healthcare expenses on my tax return?**

Yes, but not the same expenses from which you have already been reimbursed from your HSA.

## **When must contributions be made to my HSA for a taxable year?**

Contributions for the taxable year can be made in one or more payments at any time after the year has begun and prior to the individual's deadline (without extensions) for filing the eligible individual's federal income tax return for that year.

For most taxpayers, the deadline is April 15th of the year following the year for which contributions were contributed.