



# HealthSavings

ADMINISTRATORS

*Presentation for:*  
**Montgomery County**

# What's an HSA?

**health sav-ings ac-count** (noun) A savings account used in conjunction with a high deductible health plan (HDHP) that allows users to save money tax-free to pay for qualified healthcare expenses

# Are You Eligible?

## You must be:

- Covered under an HSA-qualified high deductible health plan on the first day of the month

# Are You Eligible?

## You must not be:

- Covered by any other health plan, including your spouse's health insurance
- Covered by your own or spouse's medical flexible spending account (FSA)
- Enrolled in any part of Medicare or Tricare
- Receiving Veteran's health benefits now or in the past 90 days
- Claimed as a dependent on another person's tax return

# WHY CONSIDER AN HSA?

# Triple Tax Savings

1

Contributions  
are TAX  
DEDUCTIBLE



2

Earnings and  
interest grow  
TAX FREE



3

Withdrawals  
for eligible  
medical  
expenses are  
TAX FREE





# Eligible Expenses

- Generally, anything that returns you to a normal state of health; defined in IRS publications 969 and 502
- For example:
  - ✓ Doctor bills, prescriptions, hospital visits, lab tests
  - ✓ Eyeglasses, contact lenses/solution, Lasik
  - ✓ Dental cleanings, braces, crowns and fillings
  - ✓ Certain medical insurance premiums
    - Long term care, COBRA and health care coverage while unemployed
    - Medicare Part B, C, D premiums

# Your Family's Expenses

- Your HSA can pay eligible medical expenses for:
  - ✓ You (the account holder)
  - ✓ Your spouse
  - ✓ Your tax dependent(s)
- Spouse and tax dependent(s)' insurance coverage does not affect the account holder's ability to pay their qualified expenses

# HSA vs. FSA

- An HSA is different than an FSA; with an HSA ...
  - ✓ You keep the funds from year to year; there's no "use it or lose it"
  - ✓ You can change your contribution amount as often as your employer allows; a qualifying event is not required
  - ✓ Your HSA stays with you even if you change jobs or retire
  - ✓ You can save your receipts and reimburse yourself later; even years later. You are not required to reimburse yourself in the year of the expense.

# GETTING MONEY INTO THE ACCOUNT

# Contributions

- Contributions reduce your taxable income
- There's no minimum contribution
- You can contribute ...
  - ✓ Through pre-tax payroll withholding, which saves you state, federal and FICA taxes (up to 7.65%)
  - ✓ After-tax and deduct the contribution on your tax return (however, you would not avoid FICA taxes with this option)

# Maximum Contribution

	2016	2017
Single	\$3,350	\$3,400
Family	\$6,750	\$6,750
Catch up (age 55+)	\$1,000	\$1,000

- *Maximums include any employer contribution*
- *Catch-up provision if you are age 55 and older by December 31 of the tax year*

# Contributions

- Contributions can be made through April 15 of the following tax year
- There's a penalty for over-contributing
  - Income tax plus 6% of excess contribution every year the excess amount remains in the account

# GETTING MONEY OUT OF THE HSA



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# Your Visit to the Doctor

- Show your insurance card
  - Get credit towards your deductible
  - Pay the negotiated (allowable) rate
- Doctor sends the bill to the insurer
- Insurer checks deductible and applies discount
- You and your doctor get an explanation of benefits (EOB)
- Don't pay until you see the EOB — make sure the bill from your doctor matches the EOB
- Payment plans are possible; check with your doctor's office

# Withdrawals via Debit Card

- Our HSA offers a debit card that you can use to pay bills or make ATM withdrawals
- The debit card includes an interest-bearing cash account; interest earnings vary depending on your account balance
- You may receive one free additional debit card for an authorized signer

# Online Withdrawals

- Our HSA enables you to withdraw funds through your online account
- You may transfer funds directly from your HSA to your personal checking or savings account
- Funds may be transferred from your debit/cash account and/or your investments
- You can expect to receive funds in your personal account within 2–3 business days

# When to Reimburse Yourself

- You are not required to reimburse yourself from your HSA in the same tax year as the expense
- You can pay with personal funds and save your receipts
- You can carry unreimbursed expenses forward if your account balance is insufficient, then reimburse yourself when you have the funds

# TAXABLE Withdrawals

- You can withdraw funds for non-eligible expenses at any time for any reason
- These withdrawals are subject to income tax
- Taxable withdrawals taken before age 65 or disability are subject to an additional 20% penalty — after 65 you just pay income tax

# INVESTING FOR THE FUTURE

# Investment Options



- Choose from 22 Vanguard® funds, 12 of which are Admiral™ Shares
- No minimum balance required
- No broker or transaction fees
- Funds range from low to high risk
- Funds may lose value as the market changes

# PORTABILITY & TAXES

# What If I Terminate or Retire?

- Your HSA belongs to you — take it with you
- You can continue to pay medical expenses tax-free — even after Medicare eligibility
- Your HSA is always available for personal, spouse and tax dependent medical expenses
- You cannot make further contributions unless covered by another HSA-qualified health plan

# Tax Forms

- **Form 1099-SA** — This form reports distributions (withdrawals) from the HSA during the tax year. This will only be issued if a withdrawal was made during the tax year.
- **Form 5498-SA** — This form reports contributions made to the HSA during the tax year. *(If you make additional contributions between 1/1 – 4/15, you will receive a revised copy in May.)*

# Fees

- No account setup fee
- Administration fee of \$45/year (\$3.75/month)
- Account maintenance fees
  - Vanguard® funds: 6.25 basis points per quarter (\$0.625 per \$1,000)
  - Debit funds: no monthly fee; other bank fees may apply

# How Do I Sign Up?

- Confirm you are eligible
- Decide on investment option
- Complete online enrollment
- Decide on payroll deduction

# “How To” Videos

- Visit our YouTube channel at <http://bit.ly/HSAvideos> for videos on the following topics:
  - A Quick Overview of Your Online Account
  - How to Set Up Personal Contributions
  - How to Set Up Beneficiaries
  - How to Set Up Authorized Signers
  - How to Change Investment Elections
  - How to Withdraw Funds





# More Information

[HealthSavings.com](http://HealthSavings.com)

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