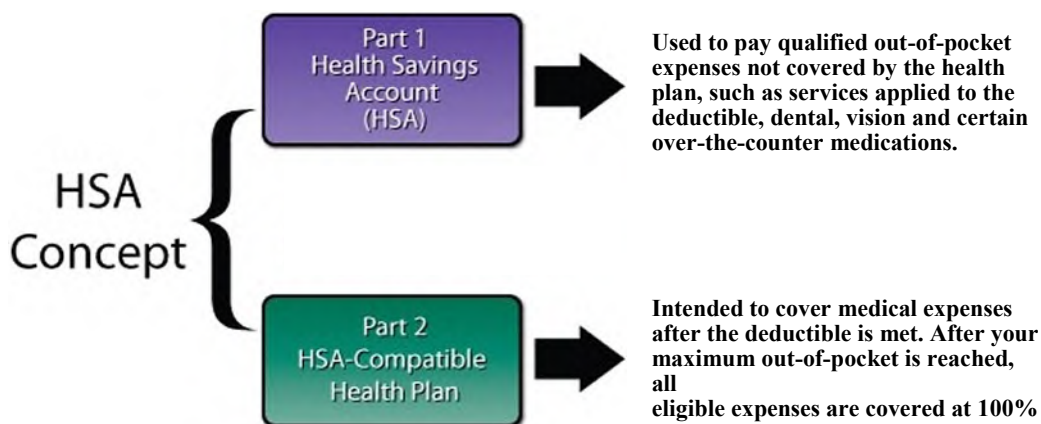


WHAT IS A HEALTH SAVINGS ACCOUNT (HSA)

What is a Health Savings Account?

Health Savings Accounts (HSAs) are tax-exempt accounts where funds grow to pay for medical expenses. They were created to help give control back to consumers and lower healthcare costs. HSAs provide a financial incentive for consumers to select an HSA-compatible health plan. These plans have lower monthly premiums than traditional plans. The combination of the two provides consumers with more incentive to shop carefully for healthcare services.



An HSA is your account. If you switch jobs, the HSA goes with you. Your money rolls over every year. There is no "use it or lose it" requirement.

Comparing HSAs, HRAs, and FSAs

Question	HSA	HRA	FSA
Do the funds belong to the employee?	YES	NO	YES
Can the money be invested and the employees earn interest?	YES	NO	NO
Can the employees use the funds for things other than medical expenses?	YES	NO	NO
Can the employee take the money with them if they switch employers?	YES	NO	NO
Do the funds rollover year-to-year?	YES	Generally, NO	NO
Who can contribute to the account?	Employers and/or Individuals	Employers	Employee

- Health Savings Accounts (HSAs) are employee controlled and employee funded.
- Health Reimbursement Accounts (HRAs) are employer owned.
- Flexible Spending Accounts (FSAs) have the "use it or lose it clause". Money has to be spent by the end of the calendar year or it is forfeited to your employer.

WHAT IS A HEALTH SAVINGS ACCOUNT (HSA)

HSA-Compatible Health Plans - Contribution Limits & IRS Guidelines

In order to open an HSA, you must have a qualified HSA-compatible health plan. The IRS determines the guidelines for these plans and they are as follows:

IRS Limits for 2020		
	Single Plan	Family Plan
Minimum Deductible	\$1,400	\$2,800
Maximum Out-of-Pocket	\$6,900	\$13,800
Contribution Limit	\$3,550	\$7,100
Catch-Up Contribution (55 or older)*	\$1,000	\$1,000

* If a spouse is also 55 or older until enrolled in Medicare, a second HSA may be established in spouse's name and a second contribution of \$1,000 could be made to that account.

IRS Limits for 2021		
	Single Plan	Family Plan
Minimum Deductible	\$1,400	\$2,800
Maximum Out-of-Pocket	\$7,000	\$14,000
Contribution Limit	\$3,600	\$7,200
Catch-Up Contribution (55 or older)*	\$1,000	\$1,000

* If a spouse is also 55 or older until enrolled in Medicare, a second HSA may be established in spouse's name and a second contribution of \$1,000 could be made to that account.

Contributions

When you have a qualifying HDHP, the following contribution guidelines apply.

- Anyone can contribute to your HSA.
- Your contributions are tax deductible.
- If your employer contributes to your HSA, that contribution is done on a pre-tax basis.
- Any pay-roll deductions made through Section 125 for your HSA are also on a pre-tax basis.
- You may contribute the annual maximum amount as determined by the IRS, regardless of your plan's deductible. The maximum for 2020 is \$3,550 for individuals and \$7,100 for families.
- You may contribute the annual maximum amount determined by the IRS, regardless of when your coverage begins, if you maintain coverage for the 12 month period beyond the calendar year in which you first became eligible. The maximum for 2020 is \$3,550 for individuals and \$7,100 for families.
 - Example: if you have individual coverage that begins in November 2020, you may contribute \$3,550 for 2020, when you maintain coverage through the end of 2021.