Health Savings Accounts

ENROLLED IN THE HIGH DEDUCTIBLE HEALTH PLAN?

Then you're eligible to contribute tax-free dollars into a Health Savings Account (HSA) as long as you're not covered by another health plan. This includes a Health FSA (unless it is a Limited Purpose Health FSA).

For coverage details, visit the **MMA UMW Employee Benefits Website**.

Click here to learn more about Health Savings Accounts.

- A Health Savings Account is an interest bearing account that gives you a way to pay for current health care expenses (such as deductible and coinsurance) or to save for future health care expenses. You can think of it as a *Medical 401(k)*. You own the account. The balance rolls over from year to year and may be used for future health care expenses during active employment or retirement.
- You can use the money in your Health Savings Account to pay for medical expenses for yourself, your spouse and tax dependents even if they are not covered under the High Deductible Health Plan. With a Health Savings Account, you do not have to submit a claim with receipts. Instead, you simply request a distribution (just like a bank withdrawal) or use the debit card to pay for medical expenses.
- **You can put up to $3,850 into your HSA if enrolled as a Single and up to $7,750 if enrolled as a Family on an annual basis.** Individuals age 55 or older (and not enrolled in Medicare) may contribute an additional amount referred to as a catch-up contribution. The maximum annual catch-up contribution is $1,000.
- Once your balance reaches $2,000, you can invest the funds over that amount in a variety of mutual funds.
- The money in your Health Savings Account can be withdrawn on a taxable basis for reasons other than a medical expense. The distribution is considered taxable income and is subject to a 20% penalty. Once you turn 65, or become disabled and/or enroll in Medicare, any distribution from your Health Savings Account for non-qualified medical expenses is considered taxable income but will **not** be subject to the 20% penalty.
- Once you are enrolled in Medicare, you will no longer be able to contribute money to your Health Savings Account.

Top Reasons to Enroll in an HSA

HSAs triple your savings. 1) Contributions aren't taxed; 2) Your earnings and growth aren't taxed and 3) Withdrawals to pay for medical care are tax free too.

The money in your account is accessible. You get a debit card backed by Visa, and by swiping the card at your doctor's office or pharmacy, you withdraw money from your account. Or you can request a disbursement from your HSA. Either way, it's a breeze.

There's no "use it or lose it" rule. HSAs are *designed* to follow you into retirement, so the money rolls over year after year.

Like your 401(k), HSAs grow with time. You earn interest on the money in your HSA, and better yet, can invest amounts over $2,000 in mutual funds.

You own it. You control it. No matter where you go or what you do, you can take your HSA with you.