

Important Information about Health Savings Accounts

- To be eligible to contribute to a Health Savings Account, you cannot be covered by another health plan. This includes any health plan that does not qualify as a “high deductible health plan” and a Flexible Spending Account (unless it is a Limited Flexible Spending Account that pays for dental and vision expenses only).
- 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. A Health Savings Account is owned by you and is portable from employer to employer. 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 to pay the provider directly or reimburse yourself or use the HSA debit card to pay for medical expenses at the time of service.
- For 2025, a maximum of \$4,300 per Single or \$8,550 per Family may be contributed to a Health Savings Account through pre-tax payroll deductions and employer contributions, if applicable. Individuals who are 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.
- Upon enrollment in Medicare (including Part A), your contribution limit is \$0. This rule also applies to periods of retroactive Medicare coverage. So, if you delay applying for Medicare and your enrollment is back dated, any contributions to your HSA made during the period of retroactive coverage are considered excess contributions and are subject to a 6% penalty. Part A coverage will be effective retroactively 6 months from when you sign up or apply for Social Security, but no earlier than the first month you’re eligible for Medicare. It is your responsibility to notify our HR department when you enroll in Medicare and to adjust your contributions to avoid any tax penalty.
- The money in your Health Savings Account can be withdrawn on a taxable basis for reasons other than a medical expense. Non-medical distributions are considered taxable income and subject to a 20% penalty. Once you become disabled or turn 65, 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.
- It is your responsibility to report Health Savings Account activity on your tax return, including contributions to and distributions from your Health Savings Account during the year. You will need to maintain records of medical expenses. For more info on Health Savings Accounts, go to <https://www.wexinc.com/resources/benefits-toolkit/hsa-savings-calculator/> or to the IRS website for Publication 969 at [irs.gov/pub/irs-pdf/p969.pdf](https://www.irs.gov/pub/irs-pdf/p969.pdf).