

## **An introduction to health savings accounts (HSAs)**

With health care costs at an all-time high, our goal is to empower you, as employees, to make informed health care decisions that lead to savings today and for your future.

We will be offering an HSA-powered health plan option for the upcoming benefits year. These health plans allow you the option of an HSA to pay for the qualified medical expenses. We are excited about this enhancement to our benefits package that can help you and your families save today and for the future.

### **About health savings accounts**

By selecting an HSA-powered plan with a higher deductible, you qualify to contribute tax-free money into a health savings account (HSA) with HealthEquity. Your HSA funds then earn tax-free interest, and can be used tax-free to pay for qualified medical expenses. HSAs are similar to retirement accounts in that they rollover year-to-year, they remain yours if you change jobs or retire, and the balance can be invested in mutual funds. Because HSA-powered health plans typically cost less than traditional health plans, the money saved can be used to contribute to your HSA.

With an HSA-powered health plan, instead of making copayments at the time of service, you will have a deductible to meet. A deductible is the amount you are required to pay out-of-pocket for services before your health plan benefits kick in. While you may see a higher deductible than you're used to, you will typically see a lower monthly premium. Keep in mind that preventive care is always covered 100%.

### **Triple tax advantage**

HSAs come with a triple tax benefit:

1. **Reduces federal income taxes:** When you contribute to an HSA directly from your paycheck, you reduce your federal income tax by the amount you deposit in your HSA. You are also able to contribute post-tax and claim that contribution when filing your taxes.
2. **Tax-free interest:** Your money earns interest while it is in the account and you do not pay taxes on the interest earned. Any gains on dollars invested in mutual funds are also tax-free.
3. **Tax-free withdrawals:** You never pay taxes on HSA withdrawals when used to pay for qualified medical expenses, including medical, dental, vision, and pharmacy expenses.

### **Are you eligible?**

To qualify for an HSA, you must be enrolled in an HSA-powered health plan and meet the following requirements:

- Have no other health coverage, such as a flexible spending account, military or VA benefits (see IRS Publication 969).
- Not be enrolled in Medicare.
- Not be claimed as a dependent on someone else's tax return.

### **About HealthEquity**

HealthEquity empowers Americans to build health savings by providing powerful tools for health savings accounts (HSAs) and other health financial services. We manage over \$1.6 billion in deposits, which makes us the largest dedicated health account custodian in the nation. Our convenient solutions serve more than 1.3 million accounts, owned by individuals at more than 25,000 companies across the country. With member support available every hour of every day, our team provides around-the-clock insight to maximize health savings.