Employee Education

TASC HSA

Health Savings Account

A **Health Savings Account** (HSA) works with your high deductible health plan (HDHP), and lets you set aside a portion of your paycheck - before taxes - into an account to help you pay for medical expenses that aren't covered by your plan.

A Health Savings Account (HSA):

- **Is Yours.** Funds in your HSA account stay with you, even if you change jobs. And, if you're no longer covered by an HDHP, your account stays active and you can use remaining funds for medical expenses.
- **Reduces your taxable income.** The money is tax-free both when you put it in and when you take it out to cover qualified medical expenses.
- **Grows with you.** If you maintain a minimum balance of $2,000, any additional funds may be invested in mutual funds yielding tax-free earnings.
- **Helps you plan for the future.** Until you turn 65, withdrawals used for eligible expenses are tax-free. After you turn 65, or if you become disabled, your HSA becomes similar to a regular IRA. Withdrawals you use for non-eligible expenses will be taxed at your regular income tax rate but won't incur additional penalties.

Your employer will contribute $750/$1500 family to your HSA. You can make contributions anytime during the Plan Year, up to the annual maximum. All of your contributions are tax-deductible. Your HSA is similar to an IRA, but better. Withdrawals used for eligible medical expenses are always tax-free.

Also, you can use a convenient debit card to easily access the funds in your account.

It's simple. It's smart. It'll save you money and help you plan for future medical expenses.

HSA Eligible Expenses

- Expenses for most medical care and services
- Dental care services
- Vision care expenses
- Prescriptions
- Certain over-the-counter medications
- Certain insurance premiums

Complete lists of eligible and non-eligible expenses can be found in IRS Publication 502, which can be accessed by visiting www.irs.gov.

How the HSA Plan Works

You and your employer can deposit money into your TASC HSA, up to an annual per person or family limit set by the IRS. You can use money in your HSA to pay for insurance deductibles and medical care/supplies such as dentistry, ophthalmology, and prescription drugs.

When you enroll online and set up your TASC HSA investment accounts, you'll be given access to a secure, easy-to-use web portal where you can track your account balance, manage your investment accounts, and submit a request for distribution.

In addition, you'll be issued a **benefits debit card** you can use at point-of-sale to pay for approved medical expenses. You can request distributions online for any purchases not made with your debit card. Payment will be made based on your available funds and may be sent via direct deposit.

How it Saves You Money

Enrolling in the TASC HSA can help you save money in several ways. Choosing an HDHP may help you reduce your monthly insurance premiums and you can use these savings to fund your TASC HSA. Money you deposit into your HSA isn't subject to income taxes, which means your take-home pay increases. Use money from your HSA to pay for medical care/supplies that aren't typically covered by health insurance. Unused money kept in your HSA may be invested in mutual funds with no taxes to you on qualified withdrawals, interest, or growth.*

Your HDHP monthly premiums may lower.	You contribute a tax-free amount each month.	You use your funds to pay un-covered expenses.	Your unused funds earn interest, and can be invested in mutual funds*.
Savings #1	**Savings #2**	**Savings #3**	**Savings #4**
You (or your employer) pay lower premiums.	Your take-home pay increases by your tax rate	Medical expenses you would have paid for with your post-tax dollars are paid with pre-tax dollars.	You don't get taxed on qualified withdrawals, interest, or growth.

Important Considerations

Eligibility:

- If you are claimed as a dependent on someone else's taxes or are covered by any other health insurance policies that are not considered HDHPs, including Medicare and unlimited Flexible Spending Accounts, you are not eligible for an HSA.
- If you participate in an unlimited FSA or HRA through your employer or your spouse's employer, you are not eligible for an HSA.
- You and your spouse can each have an HSA if you both have high deductible coverage. If you have family HDHP coverage, the maximum contribution is split equally unless you and your spouse agree on a different division.

Reimbursement:

- You don't have to submit receipts to receive your reimbursement. However, you need to keep receipts and documentation for each year's federal tax return (Form 8889 attached to Form 1040).
- You can make a withdrawal at any time. Reimbursements for qualified medical expenses are tax-free. If you are disabled or reach age 65, you can receive non-medical distributions without penalty, but you must report the distribution as taxable income. You may also use your funds for a spouse or dependent not covered under your HDHP.

Using an HSA with an FSA:

As long as the FSA is a Limited-Purpose FSA (dental and/or vision expenses only), you can also have an HSA.

Timing:

- You're eligible to begin an HSA plan starting on the first day of each month. If you get HDHP coverage mid-month, your HSA eligibility starts on the first of the following month.
- An HSA must be set up and the contributions must be made by your tax return due date for the year, not including extensions.