

# HSA Frequently Asked Questions

## What is a Health Savings Account (HSA)?

An HSA is a tax favored account used in conjunction with an HSA-compatible health plan. The funds in the account are used to pay for IRS-qualified healthcare expenses such as services applied to the deductible, dental, vision and more.

## Who can get an HSA?

Any eligible individual that:

- Is covered by an HSA-compatible health plan.
- Is not covered by other health insurance (except certain types of limited coverage).
- Is not enrolled in Medicare.
- Is not claimed as a dependent on someone else's tax return.
  - Children cannot establish an HSA.
  - Eligible spouses can establish their own HSA.

## How much can I contribute annually to an HSA?

Visit [hsabank.com/irs-guidelines](https://hsabank.com/irs-guidelines) to view the annual HSA contribution limits.

### Catch-Up contributions

Accountholders who meet the qualifications below are eligible to make an HSA catch-up contribution of \$1,000.

- Health Savings accountholder.
- Age 55 or older (regardless of when in the year an accountholder turns 55).

- Not enrolled in Medicare (if an accountholder enrolls in Medicare mid-year, catch-up contributions should be prorated).

Spouses who are 55 or older and covered under the accountholder's healthcare insurance can also make a catch-up contribution into a separate HSA in their own name.

## Can any high-deductible health insurance policy qualify for an HSA?

It can be a health maintenance organization (HMO), preferred provider option (PPO), or indemnity plan as long as it meets the IRS requirements. Your insurance company will determine if the policy is an HSA-compatible health plan.

## Who can make contributions?

Contributions can come from employers, the accountholder, or third parties. The combined contribution amount is subject to the IRS contribution limits.

## Are there income restrictions?

There are no income restrictions for opening or contributing to an HSA.

## Is an HSA compatible with an HRA/FSA?

Yes, this is permitted if the combination is:

- “Limited purpose” flexible spending accounts (FSAs) and Health Reimbursement Arrangements (HRAs) that restrict reimbursements to certain permitted benefits such as vision, dental or preventive care benefits.
- “Post-deductible” FSA or HRAs that only provide reimbursement after the minimum annual deductible has been satisfied under the HDHP.

## What are the advantages of an HSA?

HSA funds roll over year-to-year; there are tax benefits on contributions, earnings and distributions; and long-term investment opportunities are available.

## If I set up an HSA through my employer, what happens if I switch jobs?

The funds are portable and go with you.

## Can I make distributions for non-healthcare expenses?

Yes, though the distribution may be subject to income tax and penalties. After the age of 65, you can use the funds for non-qualified expenses without penalty, though the funds may be subject to income tax.



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