Health Savings Account

Save the smart way.

A Health Savings Account (HSA) is a great way to save for the future. Just set aside a few dollars from each paycheck now, and then you'll have funds to help cover health care expenses that come up later. Plus, it's tax-free, so you're actually getting a better deal.

Use an HSA and Save

The Bronze and Bronze Plus coverage levels give you access to an HSA administered by Bank of America Merrill Lynch. This is a personal bank account that works with your medical plan if you're eligible.

The HSA allows you to set aside tax-free money to pay for qualified health care expenses, like your medical, dental, and vision copays, deductibles, and coinsurance.

You can decide whether to enroll in an HSA and how much (if any) money you want to save when you enroll. You can change the amount you save at any time throughout the year.

What's Great About the HSA?

While no one likes taking money out of their paycheck, there are a number of advantages to setting aside a little money in an HSA.

☑ It's tax-free when it goes in.

You can put money into your HSA on a pre-tax basis through convenient paycheck contributions. Not only do you save money on qualified health care expenses, but your taxable income is also lowered. For 2023, you can save up to $3,850* if you're covering just yourself, or $7,750* if you're covering yourself and your family.

If you're age 55 or older (or will turn age 55 during the plan year), you can also make additional "catch-up" contributions to your HSA up to $1,000*.

☑ It's tax-free as it grows.

You earn tax-free interest on your money. The interest you earn even earns interest!

☑ It's tax-free when you spend it.

When you spend your HSA on qualified health care expenses, you don't pay any taxes. That means you're saving money on things like your medical, dental, and vision coinsurance and deductibles. Of course, you'll want to make sure you have sufficient funds in your HSA before paying for these expenses. See more about how to use your HSA on the next page.

☑ It's always your money.

Just like a bank account, you own your HSA, so it's yours to keep and use even if you change medical plans, leave the company, or retire.

After-Tax Is an Option Too

If you want to, you can elect to contribute after-tax dollars to your HSA by transferring money from your bank account or writing a check. After-tax contributions cannot be made through payroll deductions.

The annual limit is the sum of both your pre-tax and after-tax contributions.

Back Up Your HSA

Consider how critical illness, hospital indemnity, and accident insurance coverage can provide additional medical protection and lower your out-of-pocket medical costs. That way, you can save your HSA for when you really need it.

* Limits subject to mid-year changes per IRS regulations. For more information, go to **www.irs.gov**.

Use Your HSA Easily

It's your money, so it **should** be easy to access—and it is! In addition to being able to manage your account online, there are three ways to use your HSA to pay for expenses. You can use your HSA debit card, pay for your expenses up front and pay yourself back from your HSA, or pay your provider directly through Bank of America Merrill Lynch.

Find a complete list of qualified expenses at **www.irs.gov/publications/p502**.

Your HSA User's Guide includes details about how to grow your HSA, access your funds online, and more.

Rules About Eligibility

- To be eligible to contribute to an HSA, you must be enrolled in a Bronze or Bronze Plus medical coverage level. If you're covered by a second medical plan, it must also be a high-deductible option for you to be eligible for an HSA. For example, if you're also enrolled in your spouse's coverage, that plan must be a high-deductible option too.

- You can't contribute to an HSA if:
  - You're enrolled in Medicare or a veteran's medical plan (TRICARE).
  - You're claimed as a dependent on someone else's federal tax return.
  - You or your spouse currently participates (or previously participated within the current plan year) in a **general purpose** Health Care Flexible Spending Account (Health Care FSA).

- Although you can enroll your children up to age 26 in your medical coverage, you **can't** use money from your HSA to pay their health care expenses unless you claim them as dependents on your federal income taxes (generally children up to age 19 or under age 24 if they are full-time students).

- In general, you can't contribute to an HSA if you use a Health Care FSA for **medical** expenses. If you have an HSA and a Health Care FSA:
  - In order to contribute to an HSA, your Health Care FSA must be "limited purpose" and can only be used to pay for qualified **dental** and **vision** expenses. However, once you meet the medical deductible, then it can be used toward qualified medical expenses as well.
  - Your HSA can be used for qualified medical, dental, and vision expenses.

  If you currently have money in a Health Care FSA and you want to contribute to an HSA in the next plan year, use the Health Care FSA money by December 31.

Also Have an FSA?

If you're wondering …

- How is an HSA different from a Health Care FSA?
- Would I want to use both an HSA and a Health Care FSA?

You can get answers in the ABCs of HSAs and FSAs one-pager posted at **https://aecombenefits.com/docs/2023-ABCs-HSAs-FSAs.pdf**.