



# Introduction to Health Savings Accounts

**oswald**<sup>®</sup>

A **UNISON** RISK ADVISORS Company

# What is a Consumer-Driven Health Plan?



## Traditional Health Plan

- Larger monthly premium
- Lower deductible
- Copays for Office Visits, Prescriptions & ER
- Preventive covered @ 100%



## Consumer-Driven Health Plan + HSA

- Lower monthly premium
- Higher deductible
- Preventive covered @ 100%



*plus*

Money into savings account

# What is an HSA?

An HSA gives you personal control over how you save and pay for your healthcare expenses.



Specialized bank account just for healthcare expenses

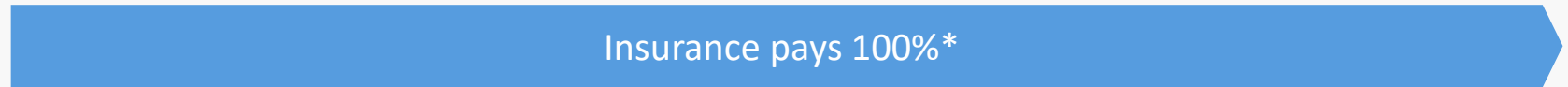


Save and pay tax-free for out-of-pocket expenses



Designed to pair with an HSA-qualified health plan

**Preventive Coverage**

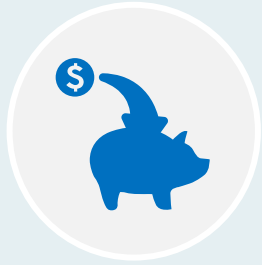


**Covered Services**



← Pay with your HSA →

# Triple. Tax. Savings.



Contribute pre-tax funds



Grow tax-free earnings

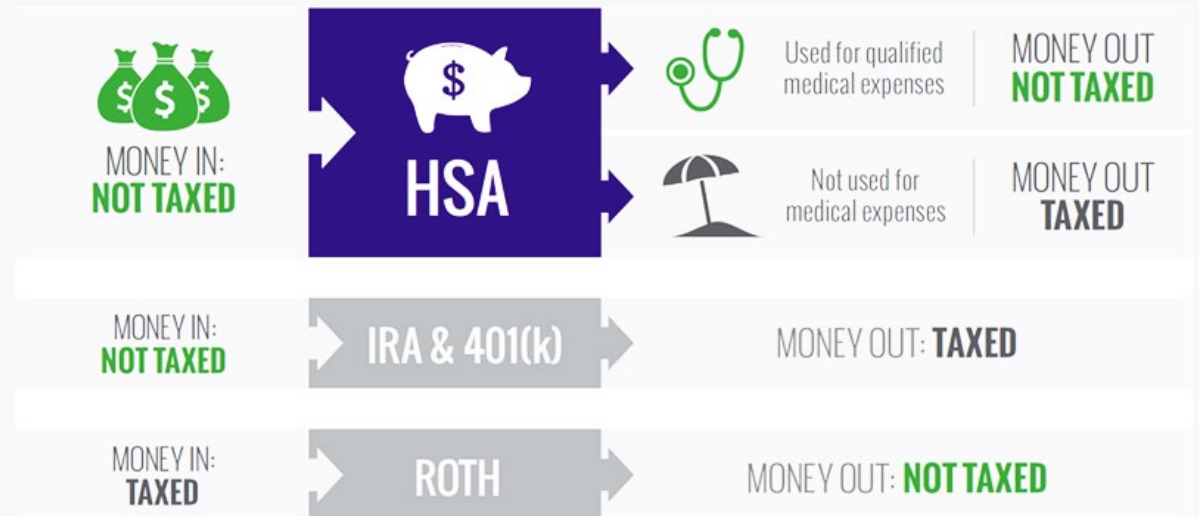


Enjoy tax-free withdrawals



## ➤ Did you know?

An HSA is the most tax-advantaged savings account available in America.



HSA's are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

\*Based on average state and federal income and payroll taxes. Actual savings will vary. The example used is for illustrative purposes only.



# Pay up to 35% less for today's expenses

## WITH YOUR HSA

\$100 to spend



## WITHOUT AN HSA

\$65 to spend



## What Qualifies?

- |                    |                    |
|--------------------|--------------------|
| ✓ Doctors          | ✓ Dentist/Ortho    |
| ✓ Specialists      | ✓ Chiropractor     |
| ✓ Prescriptions    | ✓ Acupuncture      |
| ✓ Hospitalizations | ✓ Therapist        |
| ✓ Lab Work         | ✓ OTC Medications  |
| ✓ Eye Doctor       | ✓ Medical Supplies |

Not sure something qualifies? Find out what's eligible at

[hsastore.com](https://www.hsastore.com)

\*Your savings may vary. 35% example includes 24% federal tax savings, 7.65% payroll tax savings, and 3.35% state tax savings. Payroll tax savings are only available on deposits made through payroll. State tax savings are not available in states without income taxes or in California or New Jersey.



Which taxes will you be required to pay on the money you've contributed to your HSA?

- A. State income tax
- B. Federal income tax
- C. Payroll tax
- D. None of the above



## None of the above

Because your HSA contributions are made pre-tax, they grow tax-free and can be withdrawn tax-free when used on qualified medical expenses.



# Who is eligible for an HSA?

In order to be eligible to make pre-tax contributions to a Health Savings Account, individuals must:

- Be covered under an HDHP on the first day of the month that the account is established and the first day of the month in which deposits are made.
- Not also be covered under any other health plan that is not an HDHP. *Certain types of limited benefit plans may be ok, such as a cancer policy, automobile policy or a fixed daily benefit policy (hospital indemnity).*
- **Not be entitled to benefits under Medicare.**
- Not be claimed as a dependent on another person's tax return.







## How Much Can I Contribute?

|  | 2023      |                  | 2024      |                  |
|--|-----------|------------------|-----------|------------------|
| Contribution Limits*   | IRS Limit | After BW Contrib | IRS Limit | After BW Contrib |
| Single   | \$3,850   | \$3,100          | \$4,150   | \$3,400          |
| Family   | \$7,750   | \$6,250          | \$8,300   | \$6,800          |
| *The combination of what you contribute + what BW contributes cannot exceed these amounts. |           |                  |           |                  |
| Catch-up Contribution (55+)  | \$1,000   |                  | \$1,000   |                  |

There is no limit on the balance that you can have in your HSA. The IRS limits the amount you can contribute pre-tax annually.



In 2024, BW contributed \$750 Single/\$1,500 Family to your HSA.

# Build your Healthcare Safety Net

Don't have too many expenses today or not sure what HSA savings target to set for this year?

Here are a few safety net savings strategies:

**What you spent last year, plus extra to save**



If you have costs, contribute what you spent last year plus more to begin a carryover balance

**Upcoming medical costs**



Save enough to cover upcoming healthcare costs like a procedure or pregnancy

**Your health plan's deductible**



Set a goal to save enough in your HSA to cover your annual deductible

**The IRS Maximum**



Maximize your savings by contributing the IRS maximum annually

# Who is the ideal candidate for the CDHP + HSA?

If you think it's not you, you might be wrong.



YOUNG & HEALTHY

Don't have any health conditions & just see your doctor for your Physical + illnesses throughout the year? Choose the HSA plan, which has the lowest premium cost & save money in your HSA now for the future!



FAMILY WITH YOUNG CHILDREN

You know that kids can be unpredictable! Save as much money as you can in your HSA today to pay for healthcare costs when they happen. HSA's can also be used to pay for braces & glasses for the kids!



ONGOING CHRONIC CONDITION

Have a condition that requires ongoing treatment, tests & medication? Don't miss the opportunity to save on premiums with the HSA plan & pay for your expenses with pre-tax dollars in your HSA!



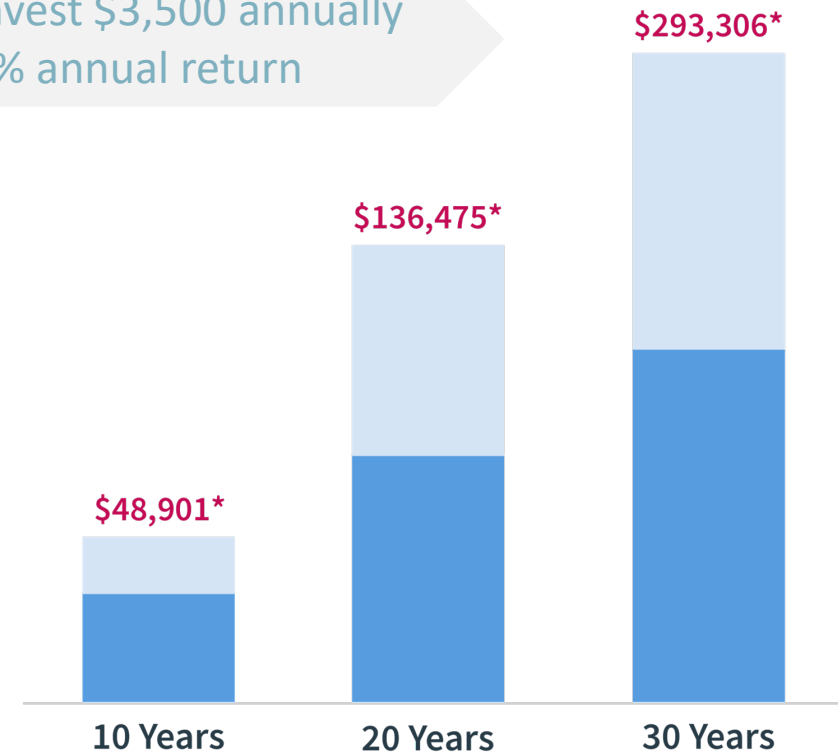
READY FOR RETIREMENT

Is retirement on the horizon? Save as much as you can before age 65 in your HSA to build savings for future expenses. Your HSA can be used to pay for eligible expenses the rest of your life, tax-free!

# Use your HSA to prepare for retirement

- ✓ You can invest your HSA. Think of it like a 401(k) for healthcare
- ✓ You have the flexibility to use the funds anytime
- ✓ HSA funds used for eligible expenses will not be taxed
- ✓ At age 65, you can withdraw funds for non-qualified expenses at anytime, subject to regular income tax
- ✓ Use your HSA to pay for Medicare Part B, Part D & Medicare Advantage plan premiums  
Note: HSA funds cannot be used to pay for Medigap premiums

Invest \$3,500 annually  
6% annual return



\*Assumes \$3,500 is invested within your HSA each year. Potential returns for 10, 20, or 30 years assume a 6% annual return. All returns and principal remain invested each year. Investments are not guaranteed, not insured, and may lose value.

# What's Next?

- Join us for more education sessions leading up to Open Enrollment
- Start thinking about your plan election for the upcoming year & funding of your HSA



Open Enrollment in ADP will be held  
November 1<sup>st</sup> – 15<sup>th</sup>