

Health Savings Account (HSA)



- By law, a Health Savings Account (HSA) can only be offered with a High Deductible Health Plan (HDHP).
- IECC's 2024 Medical Insurance Plans 1, 2, or 3 qualify employees for an HSA. Employees who have chosen one of these plans and wish to open an HSA account, may do so by completing the HSA Payroll Deduction Form.
- IECC employee HSA accounts are located at First Internet Bank. Information will be provided to assist in setting up your online account once you have enrolled.
- The IECC Board of Trustees approved a \$1,000 contribution to all HSA accounts for those employees enrolled in one of these 3 plans as of January 2024.

What are the **benefits** of an HSA?



HSAs keep growing in popularity because:

- They are a **powerful tax savings tool**
- Funds **roll over** from year-to-year
- Accounts are **individually owned**
- HDHP/HSAs typically have **lower monthly premiums**
- HDHP's **still offer comprehensive coverage**

HSA Advantages



Triple-Tax Advantage:

- **Pre-tax contributions** – money is deducted from your paycheck before income tax is calculated so you receive a bigger portion of your paycheck.
- **Tax-free growth**
- **Tax-free withdrawals** – as long as you use funds to pay for qualified health care expenses

HSA Advantages

Control

- You own your HSA
- You decide how to spend your money

Investment Opportunities

- Ability to invest after reaching minimum balance

Savings Potential

- Your account grows over time as you continue to roll over unused dollars from year to year
- No use it or lose it rule

HSA Advantages



Portability

- Your HSA account is yours for life
- Employees can only contribute to an HSA account when they are enrolled in a HDHP

HSA balances after the age of 65

- You can take withdrawals out of your HSA for non-medical expenses, penalty free. Taxes may still be applicable to your withdrawal amounts, similar to Traditional IRA, but you would avoid the 20% penalty from the IRS

Who is HSA-eligible?



**To be
HSA-
eligible,
individual
must:**

- Be covered by qualified HDHP
- Not be covered by other health coverage *(with certain exceptions)*
- Not be eligible for or enrolled in Medicare
- Not be claimed as a dependent on another person's tax return

HSA Contributions – IRS Limits



	2023 Maximum HSA Deposit	2024 Maximum HSA Deposit
Single Coverage	\$3,850	\$4,150
Family Coverage	\$7,750	\$8,300
Individuals age, 55 and older can make catch-up contributions: \$1,000		