

# HEALTH SAVINGS ACCOUNT (HSA)

## Avidia

Available to employees enrolled in either **H.S.A. Qualified Plan**

Health savings accounts (HSAs) are a great way to save money and budget for qualified medical expenses. HSAs are tax advantaged savings accounts that accompany high deductible health plan (HDHPs). HDHPs offer lower monthly premiums in exchange for a higher deductible (the amount you pay before insurance kicks in).

## What Are the Benefits of an HSA?

There are many benefits of using an HSA, including the following:

- **It saves you money.** HDHPs have lower monthly premiums, meaning less money is being taken out of your paycheck.
- **It is portable.** The money in your HSA is carried over from year to year and is yours to keep, even if you leave the company.
- **It is a tax-saver.** HSA contributions are made with pre-tax dollars. Since your taxable income is decreased by your contributions, you'll pay less in taxes.

## HSA Contribution Limits

The maximum amount that you can contribute to an HSA in 2020 is \$3,550 for individual coverage and \$7,100 for family coverage. If you are age 55 or older, you may make an additional "catch-up" contribution of \$1,000. You may change your contribution amount at any time throughout the year as long as you don't exceed the annual maximum.

## HSA Case Study

Justin is a healthy 28-year-old single man who contributes \$1,200 each year to his HSA in addition to the \$500 matching contribution from his employer. His plan's annual deductible is \$3,000 for individual coverage. Here is a look at the first two years of Justin's HSA plan, assuming the use of in-network providers. This example only includes HSA contribution amounts and does not reflect any investment earnings.

End of year 1		End of year 2	
HSA Balance	\$1,700	HSA Balance	\$3,150
Total Expenses: - Prescription drugs: \$150 - Physician visit: \$100	(-\$250)	Total Expenses: - Office visit: \$100 - Prescription Drugs \$200 - Preventive care services: \$0 (covered by insurance)	(-\$300)
HSA Rollover to Year 2	\$1,450	HSA Rollover to Year 3	\$2,850
Since Justin did not spend all his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.		Once again, since Justin did not spend all his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.	