

MONEYWISE SOLUTIONS

Benefit Services & Administrative Support

Health Savings Accounts

What are HSA's and How to Use Them

A Health Savings Account is a personal account that you own, designed to be paired with a qualified high deductible health plan that will allow you to make PRE-TAX contributions (through payroll deduction) to this savings account that can be used to pay for qualified medical expenses.



How do HSA's Work?

Contributions made by you or your employer, through payroll deduction result in tax savings. HSA balances earn TAX-FREE interest and the unused balance will ROLL OVER from year to year. HSA qualified health plans usually cost less than "traditional" health plans, so the money you save paying for health premiums can be deposited in your personal health savings account for immediate use or for long-term savings!

Did you say "Tax-Free"?

Employee HSA deposits are never taxed at federal income tax level when used for qualified medical expenses and can actually reduce your taxable income. HSA deposits earn tax-free interest and HSA funds are FDIC Insured. HSA funds can also be used after age 65 for medical and non-medical expenses without penalty, like an IRA.

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Four Important Features of an HSA

- 1) HSA's offer a triple tax advantage, with pretax contributions, potential gains and withdrawals used for qualified medical expenses, exempt from federal and most state taxes
- 2) HSA Funds can be invested to provide growth potential over time to help supplement long-term savings for health care expenses
- 3) HSA Funds do not expire. Any unused balance carries over from one year to the next.
- 4) HSA holders must be enrolled in a HDHP to contribute to their account.

How to Get Started

Enroll in an HSA-qualified plan. Fund your HSA through pre-tax deductions or you may transfer money into your personal account through your personal portal. To maximize your tax-savings, maximize your contributions to the amount set by the IRS.

Maximum contribution levels	2021	2022
Individual Coverage	\$3,600	\$3,650
Family Coverage	\$7,200	\$7,300
Catch-up contributions allowed for those 55 years of age and over	\$1,000	\$1,000

For more information:

Email us: Help@MoneyWiseSolutions.com

Visit our website: www.moneywisesolutions.com

Customer Service: 888-994-9392