

# Health Savings Accounts



## WHAT IS AN HSA?

Health Savings Accounts allow employees covered by a High Deductible Health Plan (HDHP) to open pre-tax savings accounts to pay for pre-qualified medical expenses. Employees can use a debit card to pay for medical expenses, including doctor visits, prescriptions, eye care, dental care, and much more. Money in the HSA can be kept in the account indefinitely and it continues to earn tax-free dividends.

### What are the advantages?

Employees realize the following benefits:

- Reduced income tax liability with pre-tax deposits
- Low minimum opening deposit
- Tiered interest rates
- Pay medical costs with debit card or check
- Covers most medical, dental and prescription costs
- Portability if employee changes jobs
- Simple application process

### Who is eligible?

- An employee must be covered simultaneously by a High Deductible Health Plan (an annual coverage deductible of at least \$1,200 for an individual or \$2,400 for families).
- The HSA enrollee cannot be covered by any other health insurance plan, such as a spouse's plan.
- The HSA enrollee must be under age 65.
- The HSA enrollee cannot be claimed as a dependent on someone else's federal income tax return.
- There are no income, employment or other age limits\*

### How much can I contribute?

The maximum yearly contribution is currently \$3,100 for an individual and \$6,250 for a family. The maximum HSA contribution is pro rated based on the number of months of the year that an employee is eligible. Employees over age 55 can make "catch-up contributions" in addition to normal contributions. The limit for catch-up contributions is currently \$1000 per year. The maximum annual out-of-pocket amounts for HDHP is now \$6,050 for individuals and \$12,100 for families. The

government is also allowing a one-time-only rollover of Flexible Spending Accounts into HSAs and a once-in-a-lifetime rollover of IRA funds into an HSA (subject to annual HSA contribution limits.) An employer may contribute financially to an employee HSA as much or as little as they choose (while staying below the annual legal limit on the account of \$3,100 or \$6,250 for employees with family coverage).

### What can HSA funds pay for?

HSA funds can be used for many traditional medical costs, including:

- Diagnosis and treatment of disease
- Routine medical visits
- Prescription drugs (and some non-prescription drugs)
- Eye care and dental care
- COBRA premiums
- Qualified long-term care services
- Many other costs such as acupuncture, Braille books, mid-wife services, seeing-eye dogs, and more.

### Why Powerco?

- No monthly or annual account maintenance fees\*\*
- Free debit card (optional checks are available)
- Free E-Statements and online account access
- Low \$5 set-up fee
- Powerco personal service & great dividend rates

### Learn more

**On The Web:** [www.powercocu.org/hsa.htm](http://www.powercocu.org/hsa.htm)

**By Phone:** (614) 416-7588 or 800-367-7485

\*Employee must qualify for Powerco membership. \*\*Account closure fees, NSF, Stop Pay, and other fees may apply. Please refer to our fee schedule for details.