

HSA

Health Savings Accounts



Who is eligible to open an HSA?

Anyone, individuals, employees and employers, can open an HSA but you must have a corresponding high deductible health policy. More technically, an HSA can be established for any individual that meets all of the following:

- is covered by a high deductible health plan
- is not covered by another health plan
- is not eligible to be claimed as a dependent on another person's tax return
- is not entitled to Medicare benefits

My spouse has a health policy through their employer, am I eligible?

If your spouse has an individual policy and no other insurance and you are otherwise qualified (see above), you are eligible to have an HSA. However, if your spouse participates in an FSA you would not be eligible for an HSA. This is because you are not eligible for an HSA if you are covered by "other insurance". Even though you are not covered by your spouse's health insurance, the IRS has determined that your spouse's FSA is considered "other insurance" thus rendering you ineligible for an HSA. An exception to this rule exists for limited purpose FSAs (those that cover vision and dental expenses only) and you would be eligible for an HSA if your spouse had a limited purpose FSA.

My spouse and I have family coverage; can we both open an HSA?

Yes. You may both open an HSA. However, the sum that may be contributed to your HSA's is still the family contribution limit.

What is a catch-up contribution?

Eligible individuals who are over age 55 but under age 65 are allowed to make additional "catch-up" contributions to their HSAs. The catch-up contribution for 2013 is \$1,000.

Can both spouses make a catch-up contribution?

Yes; however, the catch-up amount cannot be combined and put into one HSA: each spouse must open an HSA and put the catch-up amount into his/her own respective HSA.

I am age 65 and covered under an HDHP, can I still contribute to my HSA?

As long as you have not enrolled in Medicare Part A or B you are an eligible individual and may contribute to your HSA. Once you enroll in Medicare you may no longer contribute to your HSA. For most individuals this means you will no longer be eligible when you turn 65. You lose eligibility as of the first day of the month you turn 65. For example, if you turn 65 on July 21, you are no longer eligible for an HSA as of July 1. Your maximum contribution for that year would be 6/12 (you were eligible the first six months of the year) times the applicable federal limit (remember to include the catch-up amount in the federal limit).

What can I spend my HSA funds on?

In general you can use your HSA funds to pay for any **qualified** medical expense. Qualified medical expenses are a defined term created by the IRS and include: medical care, prescription drugs, and payment for long term care.

Can I withdraw the funds from my HSA account at any time?

Yes, however, if the funds are withdrawn for any expense other than a qualified medical expense, the IRS will impose a 20% penalty tax. After you reach age 65 you can withdraw the funds without penalty but the amounts withdrawn will be taxable as ordinary income.

Am I required to track the expenditures made from my HSA?

Yes, the individual who establishes the HSA is required to maintain a record of the expenses sufficient to demonstrate that the distributions were for qualified medical expenses.

I have self only insurance coverage, can I use my HSA funds for my family members?

Yes, you may use your HSA to pay for the qualified medical expenses of any of your dependents so long as their expense is not otherwise reimbursed.

What is the difference between a flexible spending account and a health savings account?

Health Savings Account (HSA)	Flexible Spending Account (FSA)
Unused money rolls over from year to year	Unused money is lost at the end of the plan year
High-deductible health plan is required	No insurance required
Can earn tax-free interest	Does not earn interest
Belongs to individual; portable from job to job	Not portable from job to job