



Health Savings Accounts: Frequently Asked Questions

Learn more about your BenefitWallet® Health Savings Account with these helpful FAQs. You can also visit mybenefitwallet.com for more answers to common questions.

What is a Health Savings Account (HSA)?

An HSA is a special bank account that allows you to save and pay for your share of everyday qualified health care expenses tax-free. You can pay for your expenses, those of your spouse, and any tax dependent with your HSA — even if they are not covered by your health plan.

How do I qualify for an HSA?

You must be enrolled in an HSA-qualified health plan. Ask your employer or insurance company if your plan qualifies. In addition, you cannot be covered by another health plan (including Medicare or Tricare) or be claimed as a dependent on another person's tax return.

How do I make deposits to my HSA?

You can contribute to your account with payroll deductions through your employer (if available, this is the most convenient way to contribute and you get maximum tax benefits immediately — including payroll tax savings), online by making deposits from your checking account, or by mailing a personal check.

What expenses qualify for payment from an HSA?

Funds in your HSA can be used to pay for any out-of-pocket expense that you owe as part of your health plan — doctor's visits, prescriptions, lab tests, and hospitalizations. Additionally, dental, vision, acupuncture, and chiropractic expenses can also be paid with your HSA. For a complete list of qualified expenses, visit irs.gov/pub/irs-pdf/p502.pdf.

How do I make payments from my HSA?

The easiest and most convenient way to make payments from your HSA is with your Visa® HSA debit card. If paying at the point of sale (e.g. prescriptions), simply present your debit card and pay. For many services, you will need to wait until your claim is processed and the amount you owe is determined. You will receive an Evidence of Benefits (EOB) from your insurance company and a bill from your provider. You can easily fill in the debit card number when paying the bill. Other forms of payments available include online bill pay, using an HSA check, or transferring funds to your personal checking account to reimburse yourself for expenses you paid with funds outside your HSA.

What are the tax benefits of HSAs?

HSAs have three primary tax benefits, making them one of the most tax-advantaged accounts available:

1. Deposits to your HSA are free of federal income tax and state income tax (in most states).
2. Interest and investment earnings within the account are tax-free.
3. When you spend funds from your HSA on qualified expenses, there is no tax.

If you make HSA deposits through your employer, you typically save on payroll taxes as well. You can save as much as 35% or more on every dollar you put into your HSA.¹

Is there an annual contribution limit?

For 2020, the annual contribution limit is \$3,550 if you have single coverage and \$7,100 if you have family coverage (coverage for you, plus your spouse or your children, qualifies as family coverage). If you are age 55 or older, you can contribute an additional \$1,000 annually as a catch-up contribution.

Do HSA funds expire?

Your HSA funds never expire. Any funds you don't spend roll over year after year and can be saved for retirement. Although there is an annual limit for contributions, there is no limit to the total amount saved in your account.

What happens if I change jobs or health plans?

You own your HSA. If you change jobs or health plans, you continue to own your account. If you enroll in another HSA-qualified health plan, you can continue to contribute to your HSA. If you choose another type of health plan, you are still eligible to spend the funds in your HSA on qualified medical expenses — for you, your spouse, and your tax dependents.

Can I invest the funds in my HSA?

Yes — once you reach a balance of \$1,000 you are eligible to invest the funds in your HSA.² BenefitWallet offers a broad range of high-performing, no-load, no transaction fee mutual funds you can choose from. Your HSA can work just like a 401(k) for health care expenses, and the investment account portion of your HSA is accessible through mybenefitwallet.com, where you can easily manage investment elections and track the performance of your portfolio.

What if I use my HSA for an expense that is not qualified?

If you use your HSA for a non-qualified expense, you will be subject to a 20% tax on the amount spent. You will also need to pay applicable income tax on the amount.

What happens to my HSA when I turn 65?

If you do not enroll in Medicare and remain in an HSA-qualified health plan, you can continue to use your HSA as you did before age 65. If you choose to enroll in Medicare, you are no longer eligible to contribute to your HSA, but you can continue to use it for qualified expenses. Additional expenses qualify at age 65, including certain Medicare premiums. At age 65 you are also no longer subject to the HSA excise tax, allowing you to use your HSA for non-qualified expenses and just pay regular income tax — similar to how you can use funds from a 401(k) in retirement.

What happens to my HSA if I die?

If you are married and your spouse is your beneficiary, the HSA transfers to them, they become the account owner, and they can use the account as their own. If you are unmarried, the account becomes part of your estate and passes to your heirs along with your other assets.



We're Here to Help

For more information visit our website at mybenefitwallet.com or call us at **877.472.4200**.



1. HSA deposits, withdrawals, and gains are all tax free at the federal level. State taxes vary. 35% savings assume 25% federal, 3% state, and 7% payroll tax savings. Your savings may vary. Please consult a tax advisor for more information. 2. BenefitWallet is not recommending any investment, nor can it assure you of a profit or protect you against any loss on any investment made under the BenefitWallet investment platform.