

15 Common Questions about Health Savings Accounts



What is a Health Savings Account?

A Health Savings Account (HSA) is a special savings account just for medical expenses.

It allows you to set aside money, pre-tax, to pay for medical expenses including deductibles, copayments, and other health-related costs.

Who is eligible to open an HSA?

To open an HSA, you need to be enrolled in a High Deductible Health Plan (HDHP).

You shouldn't be covered by any other health insurance, not enrolled in Medicare, and you can't be claimed as a dependent on someone else's tax return.

What are the yearly contribution limits for an HSA?

As of 2023, the contribution limits for HSAs are \$3,850 for individual coverage and \$7,750 for family coverage.

If you're 55 or older, you're eligible to contribute an additional \$1,000 as a catch-up contribution.

Can I use my HSA for expenses other than medical?

Nope.

While you can technically use the funds for non-medical expenses, you'll have to pay income tax on the withdrawal, along with a 20% penalty if you're under 65.

Just don't do it.

Is there an expiration date on HSA funds?

No, your contributions will stay in your HSA indefinitely.

Can I spend my HSA funds on others?

Yes!

Sometimes, you can use your HSA to pay for qualified medical expenses for your spouse and dependents, even if your high deductible health plan doesn't cover them.

Can I keep my HSA if I change jobs?

Absolutely. You can keep your HSA even if you change employers.

You can just transfer the administration of your account to your new employer.

How can an HSA be used in retirement planning?

After age 65, you can withdraw funds for any reason without the 20% penalty, though you'll still pay income tax if it's not for a qualified medical expense.

Many people use HSAs as a supplementary retirement account because of this flexibility.

What happens to my HSA when I enroll in Medicare?

Once you enroll in Medicare, you can't contribute to your HSA anymore.

However, the funds remain yours, and you can still use them tax-free for medical expenses.

Can I contribute to my HSA after retirement?

If you're not enrolled in Medicare, yes, you can.

But remember, once you enroll in Medicare, contributions must stop.

Can I use my HSA to cover healthcare premiums?

HSA funds can be used to pay for health insurance premiums if you're receiving unemployment benefits or to pay for long-term care insurance, COBRA health care continuation coverage, and Medicare premiums.

Can I invest my HSA funds?

Yes, you can invest the funds in your HSA.

Once your HSA balance reaches a certain threshold, many HSA providers allow you to invest your funds in a variety of investment options, similar to how you might invest in a 401(k) or an IRA.

What should I look for in an HSA provider?

When choosing an HSA provider, consider factors like fees, investment options, customer service, and user reviews.

It's essential to find a provider that aligns with your financial goals and needs.

Can I have more than one HSA?

Yes, you can have multiple HSAs.

Having more than one HSA can offer increased flexibility in managing healthcare expenses and investment options.

Just remember that the total contribution across all accounts can't exceed the yearly limit set by the IRS (\$3,850 for individuals and \$7,750 for families).

How do I set up an HSA?

Reach out!!!

**Boettcher Insurance Agency
115 Campbell St. Suite 104
Geneva, Illinois 60134
(630) 885-8082**



**We'll guide you towards an HSA
tailored to your specific needs,
ensuring you're well-positioned to
meet both your healthcare and
financial objectives.**

Anything we missed?

Ask away in the comments!

We're committed to providing our clients with the resources they need to make confident decisions when it comes to HSAs.