

Health Savings Accounts



Get In Touch

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Summary

An HSA isn't just for medical expenses—it's a tax-saving, wealth-building machine! With triple tax advantages, rollover benefits, and retirement potential, it's one of the smartest ways to cut taxes while saving for healthcare and beyond.

Our Services

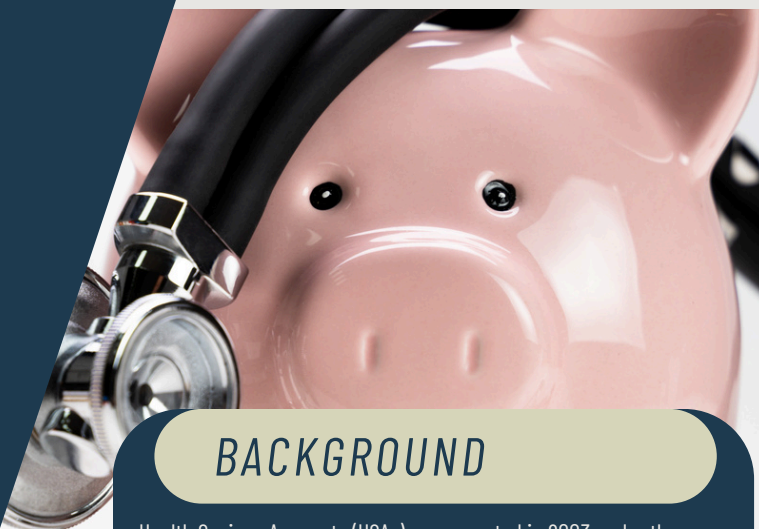
- 01 Taxsmithing (Tax Strategy)
- 02 Tax Preparation
- 03 Accounting / Bookkeeping
- 04 Small Business Support
- 05 Fractional CFO Services





HSA ADVANTAGE

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BACKGROUND

Health Savings Accounts (HSAs) were created in 2003 under the Medicare Prescription Drug, Improvement, and Modernization Act, signed by President George W. Bush, as a way to help individuals with high-deductible health plans (HDHPs) save for medical expenses tax-free. They evolved from Medical Savings Accounts (MSAs) in the 1990s, which had more restrictions and were primarily for small businesses and the self-employed. HSAs have since grown in popularity due to their tax advantages, rollover benefits, and retirement savings potential, making them a key tool for managing healthcare costs.

What is an HSA?

A Health Savings Account (HSA) is a tax-advantaged savings account for individuals with high-deductible health plans (HDHPs) to pay for qualified medical expenses tax-free. Contributions are pre-tax, funds grow tax-free, and withdrawals for medical expenses remain tax-free. Unlike an FSA, HSA funds roll over yearly and remain yours even if you change jobs. Eligible expenses include doctor visits, prescriptions, dental, vision, and some over-the-counter items.

WATCH OUT!

The biggest HSA risk is using funds for non-qualified expenses—which triggers a 20% penalty plus taxes—or failing to keep receipts, risking IRS audits and unexpected tax bills.

How does it work?

- **Triple Tax Advantage:** Contributions are pre-tax, funds grow tax-free, and withdrawals for qualified medical expenses are tax-free.
- **Eligibility:** You must have a high-deductible health plan (HDHP), not be on Medicare, and not be claimed as a dependent.
- **Annual Contribution Limits (2025):** Individuals can contribute up to \$4,300, families up to \$8,550, with an additional \$1,000 catch-up for those 55+.
- **No Expiration:** HSA funds roll over yearly, and you own the account even if you change jobs or retire.
- **Post-Retirement Use:** After age 65, you can withdraw HSA funds for non-medical expenses without a penalty (though income tax applies).



Call Us
(972) 442-5020



Our Location
**945 Stockton Drive, #3120
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HSA REIMBURSEMENT RULES

If you have a Health Savings Account (HSA), here are the general rules for when you can submit expenses for reimbursement:

1. The Expense Must Be Incurred After the HSA Was Established

You can only reimburse qualified medical expenses that were incurred after your HSA was opened. If you had a medical expense before opening the HSA, it is not eligible for reimbursement.

2. The Expense Must Be a Qualified Medical Expense

The expense must be for eligible medical, dental, vision, or prescription costs as defined by the IRS (Publication 502).

Over-the-counter medications (without a prescription) and general health items (like vitamins) do not qualify unless specified.

3. No Double-Dipping

You cannot be reimbursed for expenses that were paid by insurance, FSA, or another source. The expense must be out-of-pocket and not reimbursed elsewhere.

4. No Deadline for Reimbursement (But Keep Good Records)

Unlike FSAs, there is no time limit for when you must reimburse yourself for an expense. You can let your HSA funds grow and reimburse yourself years later, as long as you keep proper records showing that: The expense was qualified.

It was not reimbursed elsewhere.

It occurred after your HSA was established.

5. Must Have Proof of Expense

Keep receipts, invoices, and explanation of benefits (EOBs) to verify the amount and nature of the expense.

If audited by the IRS, you need to provide documentation.

6. Reimbursement Does Not Have to Be Immediate

You can reimburse yourself at any time in the future, even decades later, as long as the expense was valid.

Some people let their HSA funds grow tax-free and delay reimbursement to maximize their investment.

7. Cannot Use HSA Funds for Non-Medical Expenses Without Penalty (Before Age 65)

If you withdraw funds for non-medical reasons before age 65, you will owe:

Income tax on the amount.

A 20% penalty (unless you are 65+, disabled, or deceased).

After age 65, non-medical withdrawals are taxed as regular income but avoid the penalty.



Saving your HSA receipts now means you can reimburse yourself tax-free years—or even decades—later, turning your HSA into a stealth investment account with unlimited growth potential!

