

## **HSA Guide for Medical Insurance**

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### ***Questions and Answers on the Health Savings Account (HSA)***

*Health Savings Accounts (HSAs) were signed by President Bush on December 8, 2003. HSAs are a significant expansion of the current MSAs.*

#### **What is a Health Savings Account?**

An HSA works like an IRA, except that money is used to pay health care costs. Participants enroll in a relatively inexpensive high deductible insurance plan. A tax-deductible savings account may be opened to cover current and future medical expenses. The money deposited, as well as the earnings, is tax deferred. The money can then be withdrawn to cover qualified medical expenses tax-free. Unused balances roll over from year to year.

#### **Who can qualify?**

Everyone (individuals, self-employed or small businesses) with a qualified high deductible insurance plan will be eligible for a tax-deductible HSA.

#### **What is a high deductible insurance plan?**

A high-deductible plan is a health plan with a minimum deductible of \$1,400 for individual/\$2,800 for families. You also must be under age 65 to apply.

#### **What are the maximum contribution limits?**

Annual contribution limits for 2020 are capped at \$3,550 for individual / \$7,100 for families. Catch up provisions for individuals over 55 is \$1,000.

#### **For additional information or a list of HSA administrators contact:**

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