Why Enroll in a Health Savings Account?

Enroll in an HSA to start reducing your taxable gross income, spending pre-tax dollars for medical care and growing your HSA tax-free.

What is a Health Savings Account (HSA)?

An HSA is a tax-advantaged personal savings account that can be used to pay for medical, dental, vision and other qualified expenses now or later in life. To contribute to an HSA you must be enrolled in a qualified high-deductible health plan (HDHP) and your contributions are limited annually. You can use the money tax-free to pay for eligible expenses such as:

- Copays & Deductibles
- Prescriptions
- Dental Care
- Contacts & Eyeglasses
- Hearing aids
- Laser Eye Surgery
- Orthodontia
- Chiropractic Care

Since it is a savings account, you are encouraged to save more than you spend. Unlike FSA funds which are use-it-or-lose-it, your HSA balance rolls over from year-to-year earning interest along the way. The account is portable, meaning if you ever leave your employer, you can take the HSA with you because it's your money and your account.

How can an HSA help secure my retirement?

Participation in a health savings account allows you to invest pre-tax dollars to prepare for your healthcare costs in retirement. Although your funds can be used to pay for immediate healthcare expenses tax-free, you can save the money for healthcare expenses later in life. You can continue to contribute year after year and withdrawals (provided you are enrolled in a HDHP) can be made at any point in time. Whether you withdraw the money tomorrow, five years from now, or in retirement, funds used for qualified healthcare expenses are always tax-free when you save your receipt.

Below are examples of your potential savings:

A contribution of $50 a month over 25 years:

Tax savings	Balance
$4,148	**$21,876**

Increase the contribution to $200 a month over 25 years:

Tax savings	Balance
$16,590	**$87,502**

Max. family contribution of $6,650 a year over 25 years:

Tax savings	Balance
$45,968	**$249,728**

**For illustrative purposes only. Savings calculations are based on a federal tax rate of 15%, state tax rate of 5%, and 7.65% FICA. Balance calculations assume an average interest rate of 3%. Actual results may vary.*

HSAs Offer a Triple Tax Advantage

1. Money goes in tax-free

Most employers offer a payroll deduction through a Section 125 Cafeteria Plan, allowing you to make contributions to your HSA on a pre-tax basis. The contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

2. Money comes out tax-free

Eligible healthcare purchases can be made tax-free when you use your HSA. Purchases can be made directly from your HSA account, either by using your benefits debit card, online bill-pay, or check – or, you can pay out-of-pocket and then reimburse yourself from your HSA.

3. Earn interest, tax-free

The interest on HSA funds grows on a tax-free basis. And, unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

When do you Pay Taxes on your HSA?

The only time you may pay taxes or penalties on your HSA funds is if you make a non-eligible purchase, or if you contribute more than the yearly maximum contribution limit. However, both circumstances can be corrected free of tax penalties by April 15th of the following calendar year.

BBP Admin
BENEFITS ADMINISTRATION
COBRA, FMLA, FSA, HRA, HSA, TRANSIT

info@bbpadmin.com
www.bbpadmin.com
630 773 2337