

Health Savings Accounts



Health Savings Accounts



Our agenda:

- Basics about HSAs.
- Eligibility for an HSA.
- Contribution, deductible & out-of-pocket limits.
- Account tips.

HSAs – The Basics

What is a Health Savings Account?

- A Health Savings Account (HSA) is a tax-advantaged account used in conjunction with an HSA-compatible high-deductible health plan (HDHP). A plan that is often offered by employers to employees.
- Funds deposited into the account can be easily withdrawn at any time to pay for qualified medical expenses without penalty.



HSAs – The Basics

The Benefits of an HSA

- Contributions to your HSA are tax-advantaged. This helps to reduce your taxable income.
- You decide how much money to set aside for health care costs.
- You control how your HSA money is spent.
(You can shop around for care based on quality and cost.)
- Your employer may contribute to your HSA, but you own the account and the money is yours, even if you change jobs.
- Any unused money at the end of the year stays in your account for the next year. It “rolls over.”



HSAs – The Basics

Additional Benefits of an HSA

- Fees are waived if you work for a participating employer. You will not incur the \$25.00 1st Source set-up fee or the \$2.95 monthly fee.
- Direct deposit of funds makes it easy to save.
- An HSA debit card is included.
- Unlimited check writing, no fee per check.
- See your balances and transactions within 1st Source Online Banking.
- Set up text alerts, receive e-statements.

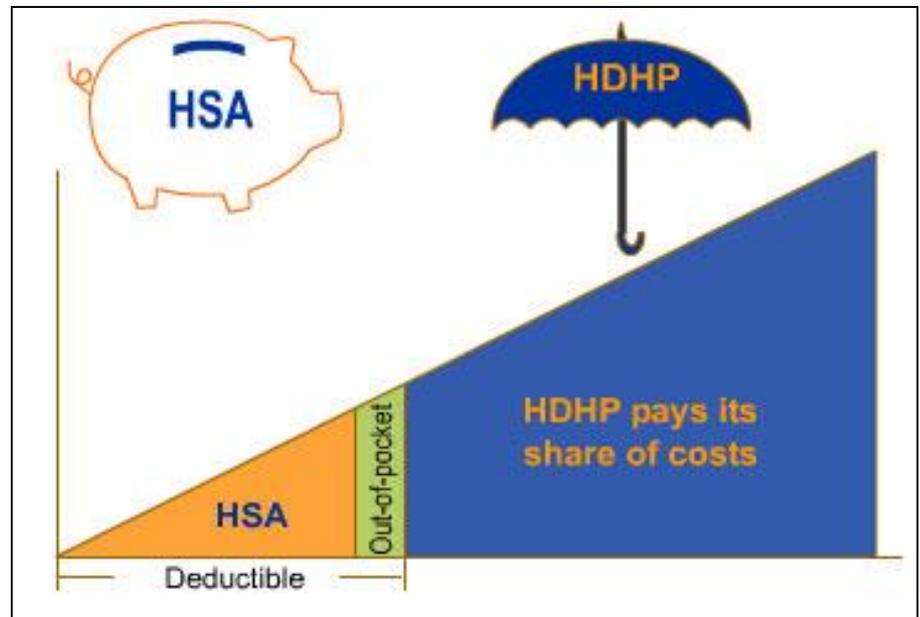
Be sure to consult with your tax advisor regarding your unique situation.



HSAs – The Basics

How does an HDHP work with an HSA?

- You and your employer can contribute money to an HSA.
- You can use the HSA dollars to pay your health insurance deductible, along with other qualified medical expenses.
- Once you meet your deductible, your insurance pays additional covered expenses according to your plan.



Be sure to consult with your tax advisor regarding your unique situation.

Questions?



1stsource.com/hsa

HSA – Eligibility

Are you eligible for HDHP & HSA?

- Generally, you cannot be covered under another Non-HDHP insurance policy.
- Exceptions to this do exist for special purpose policies such as dental, vision, accident, disability, long term care, cancer, heart.
- Can't be enrolled in Medicare.
(Note: there are special conditions to be aware of if you work past 65).
- Can't be eligible to be claimed as a dependent on another individual's tax return.



ARE YOU
ELIGIBLE?

HSAs – The Dollars

Things to consider each year:

- There's a *minimum* deductible.
- There is a *maximum* out-of-pocket.
- There is a *maximum* contribution into the account.

HSAs – The Dollars

High Deductible Health Plan

- HSAs can only be offered with a HDHP.
- This is a plan that must provide coverage as follows:

Minimum annual *deductible*:

Coverage Type	2018	2019
Self-Only	\$1,350	\$1,350
Family	\$2,700	\$2,700

Maximum annual *out-of-pocket*:

Coverage Type	2018	2019
Self-Only	\$6,650	\$6,750
Family	\$13,300	\$13,500

An HDHP is a health insurance plan with lower premiums and higher deductibles than a traditional health plan.

HSA – Yearly Contribution Limits

Each year the IRS sets contribution limits for HSAs.

These are limits for the total funds contributed, including contributions from you, your company and other sources.

	Maximum Contribution		Catch-Up Contribution (55 and Up)
	Self-Only	Family	
2018	\$3,450	\$6,900	\$1,000
2019	\$3,500	\$7,000	\$1,000

HSA – Yearly Contribution Limits

- Distributions (spending) from your HSA are tax-free if they are for qualified medical expenses.
- Qualified medical expenses are explained further at 1stsource.com/hsa.
- For a complete list see IRS Publication 502.
- If you use HSA funds for expenses beyond what the IRS defines as qualified, you will be subject to income tax on the distribution and an additional 20 percent penalty.
- For unusual medical expenses, consult your tax advisor.

Examples of qualified medical expenses:

- Prescription drugs
- Copays
- Coinsurance
- Doctor visits
- Inpatient/Outpatient treatment
- Dental & vision care

Straight Talk & Sound Advice

Tips for HSAs

- Keeping records is important!
- Keep your medical expense receipts for at least three years. You may need to demonstrate to the IRS the payments were for qualified medical expenses.
- 1st Source will send you a “TIPS” sheet each year.
- 1st Source provides regular account statements. Plus, you can access information within Online Banking anytime.



Straight Talk & Sound Advice

More Tips for HSAs

- **Overdrafts are prohibited for HSAs.**
(a.k.a. lines of credit)
 - IRS rules note that **if a health savings account is overdrawn** the account then ceases to be defined as a health savings account for the entire tax year. Plus, all funds distributed (spent) are subject to taxes and a 20% penalty. If an overdraft occurs, 1st Source will close your HSA account. *Be sure to monitor your account.*
- **Dollars placed into the account are limited. 1st Source monitors balances for contributions over the yearly allowed amount.**
 - 1st Source will monitor deposits and send you a notice regarding amounts that exceed the yearly contribution limit. In 2019, that's \$3,500 for self-only and \$7,000 for family coverage.



Be sure to consult with your tax advisor regarding your unique situation.



Questions?

1stsource.com/hsa





Find FAQs, HSA calculators,
qualified medical expense info and more at:

1stsource.com/hsa

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