

Health Savings Account (HSA)

- By law, a Health Savings Account (HSA) can only be offered with a High Deductible Health Plan (HDHP)
- IECC's 2026 Medical Insurance Plans 1, 2, or 3 qualify employees for an HSA. Employees who have chosen one of these plans and wish to open an HSA account, may do so by completing the HSA Payroll Deduction Form.
- IECC employee HSA accounts are located at First Internet Bank. Information will be provided to assist in setting up your online account once you have enrolled.
- There is a \$1,000 contribution to all HSA accounts for those employees enrolled in one of these 3 plans.

What are the benefits of an HSA?



HSAs keep growing in popularity because:

- They are a **powerful tax savings tool**
- Funds **roll over** from year-to-year
- Accounts are **individually owned**
- HDHP/HSAs typically have **lower monthly premiums**
- HDHP's **still offer comprehensive coverage**

HSA Advantages

Triple-Tax Advantage

- Pre-tax contributions
- Tax-free growth
- Tax-free withdrawals

Control

- You own your HSA
- You decide how to spend your money

Investment Opportunities

- Ability to invest after reaching minimum balance

Savings Potential

- Your account grows over time as you continue to roll over unused dollars from year to year
- No use it or lose it rule

HSA Advantages

Portability

- Your HSA account is yours for life
- Employees can only contribute to an HSA account when they are enrolled in a qualified HDHP
 - But you can continue to use the money in your HSA account to pay for qualified healthcare expenses (even if you are not enrolled in a qualified HDHP)

HSA balances after the age of 65

- You can take withdrawals out of your HSA for non-medical expenses, penalty free. Taxes may still be applicable to your withdrawal amounts, similar to Traditional IRA withdrawals, but you would avoid the 20% penalty from the IRS

Who is HSA-eligible?

**To be
HSA-
eligible,
individual
must:**

- Be covered by qualified HDHP
- Not be covered by other health coverage *(with certain exceptions)*
- Not be enrolled in Medicare
- Not be claimed as a dependent on another person's tax return

HSA Contributions – IRS LIMITS

	2025 Maximum HSA Deposit	2026 Maximum HSA Deposit
Single Coverage	\$4,300	\$4,400
Family Coverage	\$8,550	\$8,750
Individuals ages 55 and older can make catch-up contributions: \$1,000		