

# 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
<b>Single Coverage</b>	<b>\$4,300</b>	<b>\$4,400</b>
<b>Family Coverage</b>	<b>\$8,550</b>	<b>\$8,750</b>
Individuals ages 55 and older can make catch-up contributions: <b>\$1,000</b>		