

What is a Health Savings Account (HSA)

A Health Savings Account (HSA) is a tax-exempt trust or custodial account you (the individual participant) set up with a qualified HSA trustee to pay or reimburse certain medical expenses you incur. You must be an eligible individual, and remain an eligible individual, to qualify for an HSA.

No permission or authorization from the IRS is necessary to establish an HSA. You set up an HSA with a "trustee": a qualified HSA trustee can be a bank, an insurance company, or anyone already approved by the IRS to be trustee of individual retirement arrangements (IRAs). The HSA can be established through a trustee that is different from your health plan provider. In this regard, please note that the Fund ***is not*** an approved trustee for HSA accounts and, therefore, cannot assist you in setting up an HSA or administering the HSA once it is operational.

Please note that the establishment of an HSA ***is the individual Participant's responsibility: the Fund does not establish nor administer HSA's for any Participant.*** Any Participant can set up an HSA by going to a bank or insurance company that offers HSA administrative services (and many banking institutions now offer this service).

Once the HSA is set up, it is the Participant's duty to properly fund and administer the HSA: the Fund takes and has no role in the administration of an HSA. If you are contemplating the establishment of an HSA, you should truly consider taking an on-line tutorial or checking out the IRS website to make sure you understand how HSA's work and if it is the right health-care financing vehicle for you/your family.

Who Qualifies for an HSA

To be an eligible individual and qualify for an HSA, you must meet the following requirements.

- You are covered under/enrolled in a high deductible health plan (HDHP)
- You have no other health coverage except what is permitted under by the IRS.
- You aren't enrolled in Medicare.
- You can't be claimed as a dependent on someone else's tax return.
- You have an HSA established to accept contributions and to pay your deductibles/o-pays.

What are the benefits of an HSA?

- You can claim a tax deduction for contributions you directly make to your HSA (up to the allowable limits) even if you don't itemize your deductions on Schedule A (Form 1040).
- Contributions to your HSA made by your employer (including contributions made through a cafeteria plan) may be excluded from your gross income. Under certain circumstances, these contributions can be in excess of what your employer contributes on your behalf to the Fund.
- The contributions remain in your account until you use them.
- The interest or other earnings on the assets in the account are tax free.
- Distributions may be tax free if you pay qualified medical expenses.
- An HSA is "portable." It stays with you even if you change employers or leave the work force.
- However, be aware of the level of the applicable deductible as the holder of the HSA must be able to put enough dollars into the HSA to cover the deductibles.

2019 HSA Contribution Limits

The maximum contribution limits to an HSA for 2019 are \$3,500 for single coverage and \$7,000 for 2-party or family coverage. These limits change every year, so if you establish an HSA, keep up-to-date on the allowable annual contribution limits.

2019 HDHP Minimum Deductibles

For calendar year 2019 the IRS regulations define a High Deductible plan as one that has an annual deductible of at least \$1,350 for single party coverage, and \$2,700 for those with two-party or family coverage.