

# HSA Frequently Asked Questions



## What is a Health Savings Account (HSA)?

A Health Savings Account is an alternative to traditional health insurance; it is a savings product that offers a different way for consumers to pay for their health care. HSAs enable employees to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax free basis.

Individuals must be covered by a qualified High-Deductible Health Plan (HDHP) to be able to take advantage of HSAs. An HDHP is a health insurance plan that generally does not pay for the first several thousand dollars of health care expenses (also known as the deductible) but will generally cover expenses after that.

In an HSA, the employee owns and controls the money. Decisions on how to spend the money are made by you, without the assistance of a third party of health insurer. Employees also have the freedom to choose the types of investments to make with the money in the account in order to make it grow. The same types of investments available for IRAs may be available for HSAs, including stocks, bonds, mutual funds and certificates of deposit.

HSA Snapshot	
Maximum Contribution	Limits set annually by U.S. Treasury Department
Eligible Contributors	Employers and/or employees
Employee Tax Deductibility	Contributions are either made on a pre-tax basis or are tax deductible
Fund or Account Ownership	Employee
Portable	Yes
Rollover of Funds	Yes
Plan Types	Qualified high-deductible health plan required as defined by law
Withdrawals for Qualified Medical Expenses	Tax-free
Withdrawals for Non-Qualified Medical Expenses Under 65	Taxable and subject to 20% penalty

IRS HSA Plan Limits	2005	2006	2007	2008	2009	2010	2011	2012
Individual Minimum Deductible	\$1,000	\$1,050	\$1,100	\$1,100	\$1,150	\$1,200	\$1,200	\$1,200
Family Minimum Deductible	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400	\$2,400	\$2,400
Individual Out of Pocket Maximum	\$5,100	\$5,250	\$5,500	\$5,600	\$5,800	\$5,950	\$5,950	\$6,050
Family Out of Pocket Maximum	\$10,200	\$10,500	\$11,000	\$11,200	\$11,600	\$11,900	\$11,900	\$12,100
IRS HSA Contribution Limits	2005	2006	2007	2008	2009	2010	2011	2012
Individual Contribution Maximum	\$2,650	\$2,700	\$2,850	\$2,900	\$3,000	\$3,050	\$3,050	\$3,100
Family Contribution Maximum	\$5,250	\$5,450	\$5,650	\$5,800	\$5,950	\$6,150	\$6,150	\$6,200
Persons between ages 55-65 Catch-up Contribution	\$600	\$700	\$800	\$900	\$1,000	\$1,000	\$1,000	\$1,000