

Updated for 2011

HSA's: Health Savings Accounts

The Health Savings Account (HSA) combines a qualified high deductible health plan (QHDHP) and a tax favored health savings account (HSA). A Health Savings Account is a tax-exempt account that accumulates funds to pay for qualified out-of-pocket medical expenses. They were created in response to the rising cost of health care. The intent of the legislation is to give consumers control of their health care costs. HSAs provide tax reductions while having affordable health insurance premiums.

What are the Benefits of an HSA?

- Contributions are 100% tax deductible, up to the maximums allowed each year by federal law.
- You choose when to make your contributions and how to invest it
- Contributions to your HSA by your employer are excluded from your gross income.
- Funds roll over from year to year. (no "use it or lose it")
- Any interest or other earnings on the assets in the account are tax deferred.
- Funds can be used at any time for qualified medical expenses tax-free.
- The account belongs to you, not the employer, and you have control over all funds in it.

If set up through a bank, HSA's work just like your normal checking account. Contributions are as easy as making a deposit, and paying medical expenses as easy as writing a check or using a debit card. Typically, you will also receive a monthly statement showing your transactions or you can view your transactions online for easy record keeping.

There may also be other investment options available for your account.