

# HEALTH SAVINGS ACCOUNT (HSA) ADMINISTRATION

iSolved / Infinisource

## HSA Overview

HSA account trustee:	iSolved / Infinisource
Initial enrollment set-up fee:	Paid for by employer
Monthly administrative fee:	Paid for by employer
Employer Contribution:	\$1,200
Debit card provided?	Yes
HSA withdrawal limitations?	Determined by account trustee
Investment options	Yes
Minimum account balance to invest:	\$2,000

## Account Provisions

### Who is eligible?

- 1) Anyone covered under a qualified High Deductible Health Plan (HDHP) on the first day of the month, but not covered under any other medical plan.
- 2) Anyone not enrolled in Medicare. **Note:** an actively at-work employee who is older than 65 may not enroll in an HSA unless he/she has waived Medicare.

For individuals who delay enrolling in Medicare, Part A coverage may retroactively begin six months prior to their application date. To avoid making excess HSA contributions (and incurring a tax penalty), CMS recommends that individuals stop contributing to their HSAs at least six months before applying for Medicare.

- 3) When enrolled in an HSA, member and spouse (if applicable) may only participate in a "limited-purpose" flexible spending account.
- 4) Anyone not claimed as a dependent on another person's tax return.

### Is there a limit on the amount that can be contributed per year?

\$3,650 for an individual plan, \$7,300 for a family plan for 2022. These numbers are indexed annually by the Treasury Department. In addition, individuals age 55 are allowed a \$1,000 catch-up contribution.

### What are the advantages of enrolling in a HSA?

- 1) Monies go in tax-free.
- 2) Monies grow tax-free.
- 3) Monies come out tax-free if spent on qualified medical expenses.
- 4) Unspent monies roll over year to year, grow, and earn interest.
- 5) The account owner decides whether to use the HSA dollars for current expenses or to save them for future expenses.
- 6) The account is portable.

### What expenses are eligible for reimbursement?

Internal Revenue Code Section 213(d) medical expenses for the employee and qualified dependents (even if the dependents are not on the employee's HDHP); COBRA premiums; qualified long-term care expenses; retiree medical premiums to employer-sponsored medical coverage (if age 65 or older); Medicare Parts B & D premiums, but not Medicare supplement premiums.

### What if funds are used for non-qualified expenses?

Distributions for an account owner under age 65 are subject to income tax plus a 20% penalty. Distributions for an account owner 65 and older are subject to income tax only.

### For more details:

Check out [www.irs.gov](http://www.irs.gov) for more details.