

# An Introduction to HSAs

## Overview

A health savings account (HSA) is a tax-advantaged savings account that you can use for medical expenses. It is paired with a qualifying health insurance plan; typically a high deductible health plan (HDHP). An HDHP is a plan that offers lower monthly premiums in exchange for a higher deductible (the amount you pay out of pocket before insurance kicks in).

Additionally, we invite you to [sign up for our 6 Smart Ways to Maximize HSAs](#) email series. The emails will include HSA basics and great tips for making contributions as well as your expenses.

## Why choose an HSA?

There are several benefits of an HSA, including:

- Your payroll contributions are made with pretax dollars, which may help lower your tax bill.
- The funds in your account do not expire at the end of the year. You can keep them as long as you want to.
- The funds in your account are yours to keep even if you change jobs.
- Using the account is easy. Most HSAs will issue a debit card to you. If you use the debit card to immediately pay for your eligible medical expenses, you won't have to go through a reimbursement process.

Health care costs have escalated at a rapid rate over the past decade. According to Aon Hewitt's Health Value Initiative database, average health care costs topped \$11,000 in 2015, and employees' share of health care costs have increased more than 134% since 2005, going from \$2,001 to \$4,698 in that 10-year period.

The combination of a lower monthly premium payment and an HSA account--designed to help people pay for health care expenses with significant tax savings--is an ideal way to save and pay for health care needs now and in the future.

## More flexibility and control

In a traditional health plan, the insurer sets limits for what is covered under the premium. The HSA, in contrast, can be used for a wide range of expenses, limited only by legislation and IRS guidelines. However, it is your responsibility to:

- Ensure that you use your funds for eligible expenses.



- Retain documentation (receipts, prescriptions, etc) about your purchases. These will be necessary in the event that you are audited by the IRS.

## Contribution Limits

Please keep in mind that the federal government sets limits on how much you can contribute to an HSA in a tax year.

The table below displays the current HSA contribution limits. Current contribution information can be found on the U.S. Department of Treasury website at [treas.gov](https://www.treas.gov).

Tax Year	Individual Coverage Limits	Family Coverage Limits
2023	\$3,850	\$7,750
2024	TBA	TBA

Once age 55, members can contribute an additional \$1,000 towards their HSA (either individual and family coverage).

