

## Health Savings Account (HSA)

A Health Savings Account (HSA) is a tax advantaged account used to pay health care expenses. HSAs must be paired with a High Deductible Health Plan (HDHP) and together can offer significant insurance savings and tax-exempt savings.

- No monthly maintenance fee
- No account setup fee
- No minimum to open
- \$500 minimum to obtain annual percentage yield (APY)
- Free Visa debit card
- Free online banking and bill pay

### Health Savings Calculator

Another great benefit of an HSA is, unlike other health-specific accounts (like a cafeteria plan), the money deposited and the interest earned is not lost at the end of the year - it is yours to keep and use on future health-related expenses until the funds are used!

### Opening an HSA is simple:

- Contact your insurance provider to select an HDHP that is best for you and which qualifies to have an HSA under IRS guidelines. *Contact a tax advisor or visit the IRS web site for more information.*
- Visit any of our branches to apply.
- Start saving for health care expenses today. You, your employer or anyone else can contribute, up to the predetermined IRS limit.

Account	Min. to Obtain Annual Percentage Yield (APY)	Min. to Open	APY
Health Savings Account	\$1 - \$499.99		0.00%
	\$500 - \$999.99		0.17%
	\$1,000+		0.32%

Annual Percentage Yield (APY) are current as of September 23, 2020 and are subject to change.

## Health Savings Account FAQs

### How Do I Open an HSA?

First, you need an HDHP. Your insurance provider can help you determine which plan will be best for you and if it qualifies for an HSA under IRS guidelines. Once you have chosen a qualifying HDHP, opening an HSA is as easy as opening a checking account. You can visit any one of our 13 branches to open your HSA and start saving for medical expenses.

### How Do I Contribute to an HSA?

Contributions to your HSA can be made by:

- Yourself
- Your employer
- Any other individual(s)

You can contribute as often as you would like up to the predetermined IRS limit. This limit is different for individual coverage and family coverage. Check with your insurance agent or the IRS for the current year contribution limits.

### What are the Benefits of an HSA?

- **Tax Savings:** Payroll deductions are made pre-tax, additional contributions may be deductible, and interest and earnings are tax free as long as they remain in the HSA.
- **Insurance Savings:** An HDHP can offer significant savings over a typical health plan.
- **Ownership and Portability:** You own the HSA. If you change jobs or health plans, the funds in your HSA are yours to use for future, qualified medical expenses.
- **Other Benefits:** If you become disabled or after you reach age 65 you may use the funds tax-free for any expenses without penalty.

### How Do I Pay for Health Expenses?

All Bank of Utah HSAs come with checks, a free Visa debit card, and free online banking and bill pay.

### How Does Tax Reporting Work?

Bank of Utah will send you a 5498 SA form with a report of contributions and a 1099 SA form with a report of distributions from the HSA annually. You must file form 8889 as part of your annual tax return to report the amount of distribution used for qualified health care expenses.

### What If I Use My HSA for a Non-qualified Expense?

If you use funds from your HSA for a non-qualified medical expense, you will be subject to tax on the amount of the distribution and a 20% penalty tax. The penalty tax can be expensive, so contact your insurance provider if you are unsure if a payment is qualified.

## How do HSAs and Cafeteria Plans compare?

Options	Cafeteria Plan	HSA
Used for out-of-pocket health expenses	X	X
Employee contributions allowed	X	X
Employer contributions allowed	X	X
Employers receive deductions for payments	X	X
Pre-funded	X	X
Works with any health plan		X
Unused balance rolls over annually		X
Investment options with tax-free growth		X
Portable for consumer		X
Funds can be used for any purpose after age 65 or if disabled		X

For additional information and details on Health Savings Accounts, High Deductible Health Plans, and other insurance options, contact your health insurance provider or visit the IRS web site.



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