

# HSA-High Deductible Health Plans



A Health Savings Account (HSA) is a personal savings account that allows the member to pay for medical expenses with tax-free dollars. HSAs are designed to complement a special type of health plan called a HSA-qualified high deductible health plan (HDHP). Enrolling in a Christian Brothers Employee Benefit Trust (CBEET) HDHP HSA-qualified plan is the first step for you to be eligible to open a Health Savings Account.

A high-deductible plan typically offers lower monthly premiums than a traditional health plan. You can take the money saved on premiums and invest it in a HSA. While you are responsible for your initial health care costs until the deductible is met, the advantage is that the money saved in the HSA is available to pay for qualified medical and prescription drug expenses. HDHPs provide 100 percent coverage for preventive care services, such as routine doctor's visits and annual physicals.

**Beyond the lower premiums afforded by an HSA-qualified HDHP, a HSA account offers several benefits and can be a good choice for:**

- People interested in trading higher out-of-pocket costs for lower premiums
- People who want more control over their health care spending
- Those interested in the tax benefits of a HSA
- Anyone interested in using a personal savings account to pay for qualified medical expenses

**Ownership and portability.** You own the account. Money you contribute accumulates from year to year—no “use-it-or-lose-it” rules. And your account travels with you whether you change jobs, become unemployed, or switch insurance carriers.

**Flexibility.** You can use the money in your account to pay for qualified medical expenses, such as office visits, dental expenses, prescription copays, Teladoc copays, eye wear, prescription medication, deductibles, and coinsurance—as well as expenses your plan doesn't cover, such as laser vision correction. The funds in your account can be used in future years. If you leave a job and find yourself without health benefits, the IRS allows you to pay for continuation of coverage using funds from your HSA. You can even use your HSA to pay for medical expenses for your spouse or dependent children claimed on your tax return who aren't covered by your plan.

**Tax-free savings.\*** You can save funds on a pre-tax basis in your HSA for future medical expenses and earn interest on the total, tax-free. The combined employer/employee contribution limit for 2023 is \$3,850 for individual coverage and \$7,750 for family coverage. The combined employer/employee contribution limit for 2024 is \$4,150 for individual coverage and \$8,300 for family coverage. An additional \$1,000 of catch-up contribution can be made by individuals 55 and older.

Tax benefits may also include: deductions for yearly contributions, tax-free investment earnings, and tax-free withdrawals for qualified medical expenses.

\* Christian Brothers Services does not provide tax, legal or accounting advice. This material provided is for informational purposes only. Talk with your tax advisor to verify which tax benefits apply to you. While you can invest your HSA money in stocks, bonds, and mutual funds, there is no guarantee that these investments will increase in value. Like any investment, risk is involved. Furthermore, withdrawing funds for non-medical expenses results in a penalty, plus you will have to pay taxes on the amount withdrawn.