

# A Tax-Smart Way to Save for Health Care: Health Savings Accounts

Health care can be an expensive part of life's journey, but with the right approach, you can minimize the impact and better prepare for the future. One powerful planning tool is a Health Saving Account (HSA) which lets you save and invest money on a pre-tax basis to pay for qualified medical expenses. By using untaxed dollars to cover deductibles, copayments, coinsurance and other qualified expenses, you can significantly reduce the cost. Benefits include:

## Triple Tax Advantage\*

- Contributions are not subject to federal income tax.
- Investment earnings grow tax-free.
- Withdrawals are not taxed when used for qualified medical expenses.

## Flexibility and Choice

- If you move, change employers, or change health plans, your HSA stays with you.
- Unused balances are rolled over each year and the balance is eligible for an array of investment options.
- There is no minimum amount required to open an HSA.

## Eligibility

You can open and contribute to an HSA if you are:

- Enrolled in an HSA-eligible plan
- Not covered by Medicare or an ineligible health plan
- Not claimed as a dependent on someone else's tax return

## HSA Contribution Limits for 2022

Limits are adjusted annually for inflation and allow \$3,650 for individuals and \$7,300 for family plans in 2022. Employees age 55 and older are also eligible for a catch-up contribution of an additional \$1,000.

## How HSAs Work

Getting started couldn't be easier. It's as simple as funding an account and using it to offset expenses.

1. Open the HSA account.
2. Determine how much you want to contribute to cover anticipated deductibles, copays and coinsurance.
3. Use your HSA debit card to pay for qualified expenses.

Start planning for the future today. Contact me to talk about opening an HSA as just one solution to offset the cost of health care for you and your family.

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