WAYS TO SAVE WITH A

HEALTH SAVINGS ACCOUNT

A Health Savings Account (HSA) is a smart way to save and pay for your health care. **You can contribute to an HSA if you enroll in the HSA Core or HSA Value Medical Program option.**

Your unused account balance rolls over from year to year. **Money in your HSA is always yours,** even if you change Medical Program options, leave the company or retire.

Think of it as a 401(k) for health care.

HOW HSAs WORK

PARTICIPATE in HSA Core or HSA Value and elect to contribute to a tax-free HSA. **An HSA can help you save and pay for eligible medical, dental and vision expenses,** including your deductible (i.e., the amount you pay before the Plan begins to pay benefits).

CONTRIBUTE tax-free dollars to your account, reducing your taxable income. This can save you hundreds of dollars in taxes each year. Calculate how much you could save at **hsabank.com/hsabank/learning-center/hsa-savings-calculator**.

USE tax-free money from your account to pay for eligible medical, dental and vision expenses for yourself and your eligible dependents. (See IRS publications 502 and 969 at **irs.gov**.) Your unused account balance rolls over from year to year.

INVEST in your future by growing your HSA (instead of using it now to pay for eligible expenses). Your account earns tax-free interest, plus you may invest your account balance ($1,000 or more) in a choice of investment options.

2024 HSA CONTRIBUTION LIMITS

The IRS sets limits for how much you can contribute, and those limits may change each year:

EMPLOYEE ONLY COVERAGE	$4,150
FAMILY COVERAGE (i.e., all other coverage levels)	$8,300
CATCH-UP CONTRIBUTION (if you are age 55 or older and not enrolled in Medicare)*	$1,000

* **NOTE:** This is based on your age, not your spouse's.

Contribute as much as you can to your HSA, subject to the above limits, which *include* any contribution your company may make to your account. Please refer to your benefits enrollment guide for company-specific information.

IMPORTANT: You are solely responsible to make sure you don't exceed the annual IRS limit and potentially face adverse tax consequences. Be sure to track your contributions regularly. HSA contributions may be prospectively changed mid-year *without* a qualified status change (e.g., marriage, birth of a child).

NOTE: The descriptions in this document are to provide general information and resources. LSC cannot provide tax or legal advice. If tax or legal advice is required, please seek the services of a licensed professional. Your HSA is not an employee welfare benefit plan and not subject to ERISA.

Updated for January 1, 2024

REAL LIFE. REAL SUPPORT.
HEALTH • MONEY • HOME • COMMUNITY

Continued

HEALTH SAVINGS ACCOUNT

MEDICARE AND YOUR HSA

Once you enroll in Medicare (generally at age 65), you can no longer contribute to your HSA.* However, you can continue to use the existing balance in your HSA to pay for eligible out-of-pocket health care expenses tax-free. This includes premiums, deductibles, copays and coinsurance under Medicare. This does not include MediGap premiums.

* This occurs even if just the automatic Medicare Part A coverage goes into effect when you start collecting Social Security retirement benefits. So unless you defer receipt of Social Security and decline Part A, you need to stop any HSA contributions you may be making to avoid any tax consequences. (If your business segment provides an employer seed regardless of if you choose to contribute or not, you will also need to opt out if you become Medicare-eligible or if you do not wish to receive the employer seed.) Please contact the LSC Benefits Center at **1-888-681-2241** for questions or assistance.

HSA CONTRIBUTION RULES FOR MARRIED PEOPLE

If both you and your spouse are eligible for an HSA, you may each set up individual accounts. The total contribution between those two accounts can't exceed $8,300. This is true even if both of you work for LSC and have separate coverage.

FOR EXAMPLE: If you have Employee Only coverage and your spouse has Family coverage, your two accounts combined cannot exceed the $8,300 maximum.

See IRS Publication 969 for more information about contribution limits.

THINGS TO CONSIDER

✔ TAX ADVANTAGES	An HSA has triple-tax advantages at the federal level. Tax treatment of HSAs may differ in your state and is subject to change at any time. Please consult with your tax advisor for more details and the specific tax rules that may apply in your state.
✔ CALCULATE SAVINGS	Use the calculator at **hsabank.com/hsabank/learning-center/hsa-savings-calculator** to estimate how much you could save in taxes.
✔ ELIGIBLE EXPENSES	Use tax-free money from your account to pay for eligible medical, dental and vision expenses for yourself and your eligible dependents. Examples include coinsurance, the cost of contact lenses, prescription drug copayments, certain over-the-counter medical products, and more. Review IRS publications 502 and 969 at irs.gov.
✔ HSA QUESTIONS?	HealthEquity **1-844-281-0928,** 24 hours a day, 7 days a week **healthequity.com**

NOTE: Please see page 3 for important eligibility information, including coverage that may disqualify you from contributing to an HSA.

Who Can Contribute

You can contribute to an HSA if you are:

- Enrolled in a high-deductible health plan such as HSA Value or HSA Core; and
- A U.S. citizen, Green Card holder, or H1-B visa holder with a U.S. residential address.

Who Can't Contribute

You cannot contribute to an HSA if you are:

- Covered by any medical plan that is not a high-deductible health plan, including your spouse's or domestic partner's plan;
- Covered under a full-use Flexible Spending Account (FSA) or Health Reimbursement Account (HRA) through your spouse's or domestic partner's plan (However, you may participate in a limited-use Health Care FSA specifically for dental and vision expenses.);
- Enrolled in Medicare (including retroactive Medicare coverage);
- Covered by TriCare or Medicaid;
- The recipient of Veterans Administration (VA) or Indian Health Services (IHS) benefits within the last three months, except where the benefits are preventive in nature, are for dental or vision care, or in the case of VA benefits are received for a service-connected disability; or
- Claimed as a dependent on someone else's taxes.

If you are making HSA contributions through payroll, you must notify the LSC Benefits Center if you acquire any disqualifying coverage during the year, so that your HSA contributions may be stopped.

Who Is Considered an Eligible Dependent

Eligible dependents for the HSA are different than for the Medical Program or FSA. Under the HSA, you generally can submit claims only for a child who is a tax dependent on your federal income tax return, which means a child under age 19 (or under age 24 if a full-time student), except that: (1) children of divorced parents are considered a child of both parents for the HSA, and, (2) restrictions on a child's income that may prevent you from claiming the child as a dependent on your income tax return don't apply to the HSA.

Likewise, your domestic partner (or your domestic partner's children) generally must be considered your federal tax dependents in order for their health care expenses to be eligible for reimbursement from your HSA. As with other non-qualified HSA expenses, if you submit a claim for an ineligible dependent, the distribution will be subject to income taxes and possibly a 20% penalty tax. Adult children and domestic partners who are enrolled as dependents in your HSA-eligible Medical Program option, but are not your tax dependents, may be able to contribute to their own HSA through their own financial institution up to the IRS limit.