



Understanding Health Savings Account (HSA)

A Health Savings Account (HSA) is a tax-advantaged savings account that you can invest in and use for qualified medical expenses, available only if you're enrolled in a HDHP.

Using your HSA

For health expenses

Qualified expenses: You can use HSA funds for a range of qualified medical (visits, prescriptions, etc.), dental, and vision costs for you and your dependents.

Portability: The money in your HSA belongs to you, rolls over from year to year and isn't tied to your current job or health plan.

For retirement

Investment potential: After reaching a minimum balance, you can invest HSA funds in stocks, bonds, or mutual funds to grow your savings tax-free.

Long-term savings tool: After 65, HSA funds can be used for any expense without the 20% penalty, non-medical withdrawals are simply taxed as income.

Contribution limits

Employee limits for 2025

INDIVIDUAL: \$4,300

FAMILY/JOINT: \$8,550

Employer contributions: If your employer is making a contribution on your behalf, it counts against the limit.

EXAMPLE SCENARIO

\$1,000 contributed by Employer of Spouse 1

\$750 contributed by Employer of Spouse 2

\$1,750 met = \$6,800 remaining to contribute

\$3,000 contributed annually by Spouse 1

\$3,800 contributed annually by Spouse 2

\$6,800 + \$1,750 employer contributions = \$8,500

Combined family contribution: If both you and your spouse/partner are enrolled in a HDHP, your combined annual contribution can not exceed the 2025 annual IRS HSA limit of \$8,550.

Triple tax savings

1 Pre-tax contributions
Contribute through employer payroll deductions, reducing your taxable income.

2 Grow tax-free
Invest your balance and let earnings grow without taxes on interest, dividends, or capital gains.

3 Tax-free withdrawals
Pay for qualified medical expenses directly with HSA funds, free from taxes.