Health Savings Accounts 101

The basics to know

What is a Health Savings Account (HSA)?

An HSA is a personal savings account for healthcare expenses. An HSA is not a healthcare plan, but rather, it is used in conjunction with a qualifying High Deductible Health Plan ("HDHP") in the US.

Benefits of an HSA:

Triple tax advantages
Tax-deductible contributions which reduces your total taxable income, tax-free interest and investment gains, and tax-free withdrawals for qualified medical expenses.

Ability to invest funds
You can invest your HSA savings for the long-term. Stocks, bonds, ETFs, mutual funds are all available through Lively.

Stays with you for life
Unspent HSA funds roll over each year, building a nest egg for your future retirement just like a 401(k) or IRA. This is true even if you leave your employer or change your health plan.

Additional healthcare safety net for your family
Anyone can contribute funds and funds can be spent on select others, such as tax dependents, a spouse, or domestic partner.

Savings up to 35%[1] on out-of-pocket costs for eligible expenses.

[1] The 35% example includes 24% federal tax savings, 7.65% payroll tax savings, and 3.35% state tax savings. Payroll tax savings are only available on deposits made through your employer's payroll. State tax savings are not available in states without income taxes or in California or New Jersey.

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2024 contribution limits

The IRS sets limits to how much you, your family, and your employer can contribute towards an HSA each year. Below are the limits for the 2024 calendar year.

Individual:	Family:	Catch Up (55+):
$4,150	$8,300	+$1,000

Save, spend, or invest

You can use your HSA depending on your current needs. Your HSA can be helpful for account holders with healthcare expenses now or those who want to save or invest for retirement or an unexpected rainy day.

Save	Spend	Invest
You need to ensure you have money saved for you when you need it most. An FDIC-insured HSA creates dedicated health savings for medical expenses. Save pre-tax HSA dollars, keep them safe, and watch them grow.	Paying for healthcare costs with your HSA means that you are saving 35% off the retail cost (assumed combined state and federal income taxes of 35% or more). Using the triple tax benefits of an HSA, you can use tax-free money from your HSA to pay for health expenses.	HSA investments provide a clear path to further leverage the power of your HSA and invest your HSA funds tax-free for years to come. HSA Eligible Items.

Eligibility requirements

Aspiring Account Holders must meet select requirements in order to be eligible to open an HSA.

HSA-Eligible Health Plan

In order to open an HSA, you must be enrolled in a qualifying HDHP. Not all HDHPs are HSA-eligible plans. Your HDHP must meet the criteria below to qualify:

- Annual Minimum Deductibles: $1,600 (individuals) and $3,200 (families).
- Annual Out-of-Pocket Maximum: $8,050 (individuals) and $16,100 (families).

Concurrent requirements

- The HDHP must be your only health insurance coverage. This means you cannot have supplemental coverage from a spouse or other family members (dental and vision insurance is permitted).
- You cannot have or be eligible to use a General Purpose Flexible Spending Account.
- You cannot be claimed as a dependent on someone else's tax return.
- You must be 18+ years old and cannot be enrolled in Medicare (Part A and Part B) or Medicaid.

Eligibility is not required for usage

Your HSA funds never expire. You can access and spend your funds for qualified out-of-pocket medical expenses at any time, even if you leave your employer or no longer have a qualifying HDHP.

You can continue accruing interest or investing even without an active health plan, you just can't contribute.

After 65 year of age, you can use your HSA funds for anything, just like a 401(k) or IRA.

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HSA qualified expenses

You can use your HSA funds on all qualified medical expenses as defined by the IRS. The IRS Publication 502 has the full list of things that are qualified, are not qualified, and could potentially be qualified based on certain circumstances.

- ✓ X-Rays
- ✓ Chiropractor
- ✓ Prescriptions
- ✓ MRIs
- ✓ Contact lenses
- ✓ Lab work
- ✓ Dentist
- ✓ Physical therapy

About Lively

Lively is the benefit solutions provider that finally gets it right. We designed our suite of benefits with innovative features grounded in your everyday needs and circumstances. By combining robust features with unparalleled service, we make benefits effortless, even when your resources and time are limited. With Lively, making the most of your benefits is as simple as it should be.

Help your healthcare dollars go further