

# UNDERSTANDING YOUR Health Savings Account



In conjunction with the High Deductible Health Plan (HDHP) you may participate in a Health Savings Account (HSA) through HealthEquity.

## What is an HSA?

An HSA is a tax-favored account used in conjunction with HDHPs that allows you to contribute funds on a pre-tax or tax-deductible basis. These funds may be used to pay for current and future eligible medical expenses. This means medical and prescription drug expenses during your deductible period, prescription copays after your deductible, or any eligible dental or vision expenses not covered under those programs.

**Please Note:** Reimbursement for “qualified medical expenses” is based upon your HSA account balance at the time the medical expense was incurred.

**When you enroll in the HDHP plan, [[CLIENT NAME]] will make a \$100 contribution in your HSA for the 2023-24 plan year.** In order for you to receive [[CLIENT NAME]] contributions, you must be an active employee and enrolled in the HDHP plan at the time the contributions are made.

**Please note:** Contributions will be deposited each pay period. Each plan year Woods will evaluate the employer-sponsored contribution to your HSA to determine if it will be available in the next plan year.

## Contribution Limits

You may elect to have pre-tax payroll deductions deposited into your HSA up to the IRS contribution limits. Please keep in mind that your contribution cannot exceed the IRS HSA contribution limit listed below.

| 2023 TAX YEAR   |         |
|-----------------|---------|
| Single Coverage | \$3,850 |
| Family Coverage | \$7,750 |

*\*Includes EE + ER Contribution*

## Enrolling in the HSA

When you enroll in the HDHP Plan, you will be enrolled in an HSA based on your coverage tier election (Single or Family). Once enrolled, you will receive a kit with your debit card. An HSA is a personal banking account, subject to banking fees. A schedule of fees will be included in the welcome kit. Members can access their accounts online at [www.healthequity.com](http://www.healthequity.com).

## HSA Advantages

- **Control:** You never lose unused HSA funds. Any unused funds in the account at the end of the year can be rolled over to the next year without limits.
- **Tax Advantage:** Contributions to your HSA are made with pre-tax dollars. Since your taxable income is decreased by your contributions, you pay less in taxes.
- **Portability:** Your HSA account is portable. This means your money stays put even if you change jobs, change coverage, or move to another state.
- **Investment Opportunity:** Funds roll over at the end of each year and accumulate tax-free, as does the interest on the account.