



# Health Savings Account (HSA)

When you are enrolled in a Qualified High Deductible Health Plan (QHDHP) and meet the eligibility requirements, the IRS allows you to open and contribute to an HSA Account. An HSA is a tax-sheltered bank account that you own for the purpose of paying eligible health care expenses for you and/or your eligible dependents for current or future healthcare expenses. The Health Savings Account (HSA) is yours to keep, even if you change jobs or medical plans. There is no “use it or lose it” rule; your balance carries over year to year.

## Tax Advantages

- Money you deposit into an HSA is exempt from federal income taxes.
- Interest in your account grows tax free.
- You don't pay income taxes on withdrawals used to pay for eligible health expenses. (If you withdraw funds for non-eligible expenses, taxes and penalties apply.)
- You also have a choice of investment options which earn competitive interest rates, so your unused funds grow over time.



## Employer Contributions

In the first year that you enroll in a qualified HDHP plan, CMSD provides “seed money” in the following amounts, to offset your deductible\*:

Employee Only Coverage = \$750

Family Coverage = \$1,500

*\*If you already received a seed contribution from HII/TSD because you were enrolled in the HDHP prior to the CMSD transition, these amounts will not be deposited again. This contribution is for first-time HDHP enrollees only.*

## 2021 HSA Contribution Limits

You are able to contribute to your Health Savings Account on a pre-tax basis through payroll deductions up to the IRS statutory maximums. Below are the IRS maximum HSA contributions for the 2021 tax year. These maximum limits include both employer and employee contributions combined.

- \$3,600 Individual
- \$7,200 Family
- If you are age 55 or older, you may be eligible for an extra \$1,000 catch up contribution.

## Additional Information

- Only employees enrolled in the High Deductible Health Plan are eligible for HSA contributions.
- Banking fees apply to the HSA and are paid by the account holder.
- You are not eligible for an HSA if you are:
  - covered by any other non-qualified health insurance plan,
  - enrolled in Medicare or TRICARE,
  - claimed as a dependent on someone else's tax return, or
  - eligible for reimbursements from any Medical FSA program (unless it is a “limited purpose” FSA).
- Refer to IRS Publication 502 for a complete list of qualified medical expenses reimbursable from your HSA.
- CMSD does not offer tax advice. The HSA is an individually held account and employees are responsible for maintaining IRS compliance. Please consult with your tax advisor to confirm IRS regulations that may apply in your particular situation. Visit [www.IRS.gov](http://www.IRS.gov) for additional details.