



Health Savings Account: FAQs

What's a health savings account?

A health savings account (or HSA) is the special savings account mentioned in questions one and two. An HSA is a tax-advantaged¹ account that is governed by specific rules set by the IRS.

When you enroll in a plan that meets the IRS definition of a high deductible health plan, you become eligible to save pre-tax dollars in a health savings account. The amount you can save each year depends on if you have coverage for yourself only or you cover other family members too.

You can use this money to pay for your deductible and any out-of-pocket costs. If you don't use all the money, it stays in your account. You never forfeit anything in your HSA, and the account is yours if you leave your employer. Some employers even help you pay for your healthcare costs by contributing money to your HSA.

How much can I contribute to an HSA?

The Internal Revenue service sets the annual spending limits for HSAs. In 2022, the IRS contribution limits for HSAs are \$3,650 for a single employee or \$7,300 for a family.



What are the advantages of an HSA?

HSAs allow you to save pre-tax dollars for your healthcare costs. The amount contributed to your HSA is taken from your pay before payroll taxes are calculated, which can help you pay less in taxes.

Unlike a flexible spending account (FSA), you are not required to spend your HSA contributions in each year. HSA dollars are yours to keep. They remain in your account year over year, just like a regular savings account.

Once your balance reaches a specified level, you may invest² HSA funds, like you would in a retirement account. That provides you with the potential for your money to grow.

Your employer may also contribute to your HSA, and that money is yours immediately to spend or keep.

Do I have to spend the money by a certain time?

No. Unlike flexible spending accounts, HSAs do not have any time limits or “use it or lose it” provisions. If you do not spend your HSA balance by the end of the year in which you make contributions, the balance simply remains in your account. In fact, if your balance reaches a specified amount, you can invest² a portion of your HSA to try to grow your HSA balance.

Can I use the HSA to cover my deductible?

Absolutely. In fact, the HSA can be an excellent option to pair with a high deductible health plan since you can contribute significantly more than a flexible spending account. Plus, since you do not have to spend the money by year end, if you don't have enough expenses to satisfy your deductible, you can carry over the remaining amount to meet deductible expenses in future years.

What expenses can I cover with my HSA?

Eligible expenses include many out-of-pocket costs not covered by your insurance plan, including copayments, coinsurance and prescriptions. Costs for many healthcare products and services are also eligible.

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²Investments in securities through HSA Investments are:
Not FDIC Insured • May Lose Value • No Bank Guarantee

Funds in an HSA Deposit Account are held at UMB Bank, n.a., Member FDIC