

## HSA – Health Savings Account

If you take the school district's high deductible 5000 health insurance plan, you can set up an HSA account at a financial institution to save money on your health expenses through reduced taxes.

**What is a Health Savings Account (HSA)?** An HSA works with a high deductible health plan (HDHP), and allows you to use before-tax dollars to reimburse yourself for eligible out-of-pocket medical and dependent care expenses, which in turn saves you on taxes and increases your spendable income.

**How it Works.** You can deposit money into your HSA account, up to an annual per-person or family limit set by the IRS. When you enroll, you will set up an HSA account at your financial institution. When you put money into your HSA account you will save money on taxes and then you can write checks from that bank account to pay your health expenses.

**An HSA is yours.** Funds in your HSA account stay with you, even if you change jobs.

**Contribute tax free.** An HSA reduces your taxable income. The money is tax free both when you put it in and when you take it out to cover qualified medical expenses.

**Grow funds tax free.** An HSA grows with tax-free earnings.

**Spend tax free.** Withdrawals used for eligible expenses are tax free.

**Plan for the future.** Until you turn 65, withdrawals you use for non-eligible expenses will be taxed at your regular income tax rate but won't incur additional penalties. After you turn 65, or if you become disabled, your HSA account becomes similar to a regular IRA.