

HEALTH SAVINGS ACCOUNT (HSA)

If you enroll in the High Deductible Health Plan (HDHP), you will also be enrolled in a Health Savings Account (HSA). You can think of your HSA as a personal savings account for your health care expenses, with some impressive tax advantages.

Through tax-free payroll deductions, you can make contributions to your Health Savings Account.

Take advantage of the dollars in your Health Savings Account by:

- Using available Health Savings Account funds to cover the cost of healthcare services:
- Cover the Deductible- 100% of healthcare service costs paid by you (dollars out of your pocket) until the deductible of the plan is satisfied.
- Cover the Coinsurance- A percentage of healthcare expenses paid by you after plan's deductible is met, and until the Maximum Out of Pocket of the plan is satisfied.

Save dollars for future use:

- Let your Health Savings Account balance accumulate.
- Invest your Health Savings Account balance after reaching an account balance of \$1,000.
- Use for future eligible healthcare expenses, including in retirement.
 - COBRA premiums
 - Long-term Care premiums
 - Out-of-pocket expenses for Medicare

Let's Break it Down

- Anyone can contribute funds into the HSA that are not subject to federal income taxes up to the IRS Maximum Contribution Limits
- The HSA allows you to pay for qualified medical expenses with these tax-free funds.
- The account can earn interest on a tax-free basis, and you are allowed to roll over funds year after year.
- If you leave the City of Georgetown for any reason, you can take your HSA account with you.
- Unlike FSAs, HSAs do not have a "use it or lose it" requirement.

To be eligible and qualify for an HSA, you must meet the following requirements:

- Are covered under a qualifying high-deductible health plan which meets the minimum deductible and the maximum out of pocket threshold for the year
- Are not covered by any other medical plan, such as a spouse's plan, Medicare, Medicaid, Tricare or Tricare for Life
- Are not claimed as a dependent on someone else's tax return
- Have not used Veterans Administration medical benefits in the past three months (exceptions apply to veterans enrolled in a high-deductible health plan who either have a service-connected disability or have only accessed disregarded coverage and preventive services in the past three months).
- Do not have any disqualifying alternative medical savings accounts, like a Healthcare Flexible Spending Account or Health Reimbursement Account

The City pays your HSA account set-up fee and monthly service fee, which includes a no-cost debit card and an electronic monthly statement. There is a \$1.50 monthly charge if you elect paper statements. You can use the debit card for eligible purchases at merchant locations with no transaction charge, up to your available account balance. ATM cash withdrawals using your card, to reimburse yourself for eligible expenses, are subject to a fee of \$2.50 per transaction (plus any fees that may be imposed by the owner of the ATM). For more information contact Optum Bank at 1-866-743-6549.

***For a complete list of eligible expenses please see [IRS Publication 502](#)

City Contributions to the HSA

- \$1,100 for Employee Only
- \$1,200 for Employee + Spouse
- \$1,200 for Employee + Child(ren)
- \$1,400 for Employee + Family

Please Note: New Hires effective February – December will receive a pro-rated amount. However, if you are hired on or after December 1st, there will not be any City Contribution amount.

Contributions that City of Georgetown make to your HSA are yours. There are no vesting requirements or forfeiture provisions. Unlike FSAs, HSAs do not have a “use it or lose it” requirement. Your account balance rolls over from year to year and will earn interest tax-free.

2024 Contribution Limits

- \$4,150 for individual coverage
- \$8,350 for family coverage levels
- If you are 55 or older you may contribute an additional \$1,000

IRS Limits are a combination of the employer AND employee funds. If you are married and your spouse has a separate HSA account, the maximum contribution limit applies to the combined total of all family HSA accounts.

Note for Newly Eligible and Partial Year Participants:

If you become newly eligible to contribute to an HSA during the year, you may contribute the maximum contribution for the year (without incurring taxes or a penalty on the amount of the contribution) provided you continue to remain eligible for a 13-month period beginning December 1st of the year in which you become eligible and ending on December 31st of the following year. If you do not remain eligible for a 13-month period shown above, your excess contributions will be subject to federal income tax and may be subject to the 6% excise tax. Please contact your tax advisor for assistance determining if your partial year contributions will be subject to taxes and penalties.

Payroll Deductions:

The amount you elect to contribute to your HSA will be deducted from the first two semi-monthly paychecks of each month for a total of 24 total payroll deductions.

HSA Contributions & Medicare:

When you or any covered family member reaches age 65, you cannot contribute to your HSA if you are enrolled in Medicare. Enrollment in any Medicare coverage (Parts A, B, C, D, or Medigap) will end HSA contribution eligibility.

If you apply for Social Security benefits at age 65, you will automatically be enrolled in Medicare Part A. You lose your eligibility to make an HSA contribution as of the first day of the month you turn age 65 and enroll in Medicare. You can make a pro-rated contribution for the year to your HSA for the months before you became ineligible due to your enrollment in Medicare.

This contribution can be made until the HSA contribution deadline, which is generally April 15, of the following year. For more details, please go to Internal Revenue Service (IRS) Publication 969.

Using your HSA

You will receive an Optum HSA MasterCard / debit card in the mail. After you activate your card, you can use this card to pay for qualified health care expenses listed above, you will not pay taxes.

Tax filing

You will receive a 1099SA and a 5498SA and be required to file Form 8889 with your annual tax return. Please see your tax advisor if you have any questions.