

The Basics Of A Health Savings Account (HSA)

Whether you have a group or individual plan, consider a Health Savings Account (HSA). An HSA is a High-Deductible Health Plan (HDHP) with a tax-exempt savings account on the side. With an HSA, the HDHP is used to cover large expense items like hospitalizations and surgeries while the savings plan is used to pay for minor things like doctor visits, prescription drugs, lab work, etc. The advantages to an HSA plan are:

- **Lower Premiums:** Since you are buying a plan with a high deductible, you could save as much as 35%-50% on your premium. The money you save can help fund the separate savings account.
- **Tax Break #1:** The money you deposit into your account is on a pre-tax basis. You save on federal and state income taxes.
- **Tax Break #2:** Any growth of your money in the account will not be taxed.
- **Tax Break #3:** When you pay for qualified health care expenses out of your HSA, no taxes will be assessed.
- **More Expenses Covered (and with pre-tax dollars):** You can use your HSA money to pay for many types of expenses that may not be covered under your medical plan such as dental, vision, alternative medicine (chiropractic, accupuncture, homeopathy, herbal medicine, etc.), household medical expenses (aspirin, bandages, cold medicine, etc.), and more.
- **Pay Medicare Expenses With Pre-Tax Dollars:** You can use your HSA money to pay for Medicare premiums, deductibles, co-pays, and coinsurance.
- **Pay For Long Term Care Insurance With Pre-Tax Dollars.**
- **You Have Total Control:** You own and control the money in your HSA. Decisions on how to spend the money are made by you without relying on a third party or a health insurer. You will also decide what types of investments to make with the money in the account in order to make it grow. The money in that account will always be yours even if some of the contributions were from an employer.

For more information about HSAs see our report “Health Savings Account Questions & Answers.”

Call C & G Insurance Agency Toll Free At (877) 895-8971

To See How Much Money You Can Save With A Health Savings Account