

What is an HSA?

An HSA is a **H**ealth **S**avings **A**ccount. An HSA allows both employees and employers to set money aside **tax-free** to be used for qualified medical expenses.

Who owns an HSA?

An HSA is owned by the employee, which means you can take it with you if you quit, are fired, or retire. The employer has no right to the employee's HSA in any way, though they can contribute to it.

Are there yearly contribution limits to my HSA?

If you have an individual health plan (no one else on your plan), a max of \$3350.00 per year can be put into your HSA.

If you have a family plan, a max of \$6750 per year can be put into your HSA.

What happens to my money at the end of a year?

HSA's are **NOT** a use-it-or-lose-it system. They rollover every year, meaning you could contribute the maximum every year and eventually build up \$50,000 or more if you never drew from it. HSAs are just a private savings account with the added benefit of the contributions to it being tax-free or tax-deductible.

Who can put money into an HSA?

Anyone can contribute to an HSA. You, your employer, your mom, or a random good samaritan. The only limitation is how MUCH can be contributed to your HSA each year. As long as you are within your designated limits, it doesn't matter where the money comes from.

What are “qualified medical expenses?”

The IRS has designated what the money in an HSA can be spent on without being taxed. For a complete list of these qualified expenses, check out this link:

http://hsabank.com/~media/files/eligible_medical_expenses

What if I really need the money in my HSA, but not for medical expenses?

You can still access your money even for non-qualified expenses. However, there are high tax rates for this. For example, if you use your HSA money for something other than a medical expense, there is a 20% tax on that money.

What happens to my HSA when I retire?

The HSA stays with you wherever you go. Once you turn 65, you are no longer required to use the money for medical expenses. You can use it for a down payment, a new car, or even a vacation. But only after you turn 65. Until then, you will be subject to a high tax rate for unqualified expenses.

Can I have an HSA with any insurance plan, or no insurance plan at all?

Unfortunately, **no**. Federal regulations prohibit a person from having an HSA without a qualified medical insurance plan. When you look at the plans that RMCS is offering, only the three HSA-labeled plans are qualified to have HSA's. If you want an HSA, you can only choose from those three plans.

What's the catch?

There really isn't a "catch" with HSA's. However, they do require YOU to be in charge of and proactive with your money. HSA's require some specific paperwork. For one, it's very important that YOU keep all of your receipts from anything you used HSA funds to purchase throughout the year. This is your responsibility, not the employer's. No one at RMCS needs to know when you are using money from your HSA. It is entirely your very own private account.

When you file your taxes at the end of the year, a special form will be required to document your HSA and the money that went in and out of it. to be wise with your money.

You cannot rely on your employer's contributions alone. If YOU don't contribute to your HSA, it probably won't be worth much when you could actually really use it. It doesn't take a huge contribution to build up money, though. Check out this chart:

Monthly HSA contribution	Annual contribution	Savings ² over 5 years	Savings ² over 10 years	Savings ² over 15 years
\$25	\$300	\$1,500	\$3,000	\$4,500
\$100	\$1,200	\$6,000	\$12,000	\$18,000
\$250	\$3,000	\$15,000	\$30,000	\$45,000

One easy way to build up money, for example, would be to tell RMCS to put all or part of your Christmas bonus into your HSA. Whatever money you want put into your HSA will be entirely tax-free. So, if your gross Christmas bonus is \$2,342.28, that is the exact amount that will go into your HSA. If it went into your pocket, you'd probably only see about \$1500 of it—the rest goes to taxes!

What happens if I no longer want my HSA?

What you do with your HSA once it is established is entirely your business. You will be subject to whatever regulations affect your decision. RMCS will get your HSA account established, but that is the extent of our involvement other than making contributions.

Will RMCS make regular contributions to my HSA?

Initially, RMCS is going to offer a start-up contribution. Depending on employee interest, we will decide whether or not to set up a designated yearly contribution program. If there is enough interest, this will likely be worked in as a benefit to some extent.

Why is RMCS offering an incentive if I choose an HSA plan?

We want you to be smart with your money. By having an HSA-qualified plan, you give yourself and the company the opportunity to put away **tax-free** money that can be used for medical expenses. In the case of a medical emergency, having some money built up *just* for medical expenses can remove a lot of stress.

We want you to be smart with your money, but we also want you to be healthy in every way. Having an HSA lets you be proactive about your health. Maybe you need to go to the dentist, get a pair of glasses, or visit a counselor. All of these things are qualified medical expenses, meaning you can use the money in your HSA to pay for them!