

## Using Your HSA

You may use your HSA immediately or keep it for the future. Please consult your health plan to check on how your HSA may be paid out. Generally, access is allowed by debit card, check, or withdrawal request.

## Coverage

For more information, including a complete list of IRS-allowable qualified medical expenses, please visit the "Forms and Publications" page on the IRS website at [www.irs.gov](http://www.irs.gov); or call 1-800-829-3676 and request a copy of IRS Publication 502. Exceptions may apply for some insurance premiums that cannot be paid for by HSA funds even though they are listed in the IRS Publication 502. Over-the-counter medications are not listed, but are included under allowable qualified medical expenses for HSAs.



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## Health Savings Accounts



## Good For Your Health & Your Pocket!

Finally, an account that allows you to pay for qualified medical expenses that insurance may not cover, while helping you save through tax-breaks.



## What are HSAs?

Health Savings Accounts (HSAs) are tax-friendly savings accounts that allow you to build a fund for future medical expenses that insurance may not cover. The best part is, the account is all yours and any unused funds may be used to supplement your retirement savings.

## Who is Eligible?

Anyone under 65 who is covered by a qualified High Deductible Health Plan (HDHP) and not another health insurance carrier or Medicare may be eligible to open an account. In addition, if you are claimed as a dependent by another person, you are not eligible to open an HSA.

## Contributions

- ✓ HSA contributions are made with pre-tax monies, which means all contributions are tax-deductible.
- ✓ Any interest earned on your account is tax-free.
- ✓ Contributions may be made by you, your employer, or members of your family.
- ✓ HSAs have a flexible contribution schedule allowing for a lump sum contribution or periodic payments at any time.
- ✓ Funds may be rolled over each year.

## 2008 HSA Contribution Limits and HDHP Requirements

	Self-Only HDHP Coverage*	Family HDHP Coverage
Annual HSA contribution limits	\$2,900	\$5,800
HSA catch-up contribution limit (for individuals who are 55 or older)	\$900**	N/A
Required minimum annual HDHP deductible	\$1,100	\$2,200
Maximum HDHP out-of-pocket expense limits	\$5,600	\$11,200

\* For any individual, the maximum contribution is the lesser of the indexed amount or the deductible of the HDHP. Also, a minimum balance may be required to keep your account open.

\*\* If you did not have an HSA qualified HDHP for the entire year, both the catch up contribution and HSA contribution apply pro rata based on the number of months of the year that you were eligible (had HDHP coverage).

## Distributions

- ✓ Withdrawals to cover you, your spouse, or your dependents for any qualified medical expense are tax-free.
- ✓ Leftover funds that are not used for medical purposes may be used to supplement your retirement savings.
- ✓ Non-medical related withdrawals made before age 65 are subject to a 10% penalty. After age 65, any non-medical withdrawal will be penalty-free but no longer tax-free.



## How do I set up my HSA?

Generally, once you have elected a high deductible health plan, the plan will mail you an information packet that includes the appropriate forms, which are to be completed by you and returned to the plan. The plan will then notify us and we will set up your account by depositing the “premium pass through” payment that is contributed by your plan. Premium pass through amounts vary according to your plan.

## Other Benefits:

- ✓ You will save money through lower premiums and tax breaks.
- ✓ Money deposited into your account may be used to pay your deductible or other out-of-pocket medical expenses.
- ✓ Spouses can inherit the account without any tax consequences.
- ✓ You keep your account even if you change jobs, plans or retire.