

Workable ... Solutions Participant Guide HSA Solutions



What You Need to Know About HSA Solutions *Health Savings Account (HSA)*

HSA Solutions is a health savings account. A Health Savings Account (HSA) is a tax-favored savings account that is used alongside high-deductible insurance to pay for your medical expenses.

Growing an HSA is a smart move to plan for retirement. A Health Savings Account is an account funded by the employer, employee, or both depending on your workplace. Like the other plans, this one too is “tax advantaged” so any contribution will not be taxed which means extra money for you! These accounts, unlike HRAs, will follow you even if you leave your current employment. They’re like stray dogs actually. You feed them, and they’re going to latch on to you for life. Appealing, right?

A Health Savings Account offers

Tax-deductible savings

Contributions to the HSA are 100% deductible (up to the legal limit) — just like an IRA.


Tax-free withdrawals

Withdrawals to pay qualified medical expenses, including dental and vision, are never taxed.

Tax-deferred earnings

Interest earnings accumulate tax-deferred, and if used to pay qualified medical expenses, are tax-free.

The Five Keys to Understanding Your HSA Solutions Account

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1. In order to open and contribute to an HSA Solutions account, you must be enrolled in an HSA-qualified high-deductible insurance plan.
 2. All contributions placed into an HSA account are tax-free, they can earn interest tax-free and can be used anytime tax-free to pay for qualified medical expenses, including vision and dental. However, if you use HSA dollars for anything else, they become taxable income and there is a 20% penalty.
 3. You can use our online platform to make deposits and withdrawals, schedule payments to medical providers, track balances and after reaching the required balance, even transfer HSA dollars into investment accounts.
 4. You don't have to use HSA dollars now. They are yours until you need them and can even be used in retirement.
 5. If you are no longer enrolled in an HSA-qualified plan, you can no longer put money into your HSA Solutions account, but any unspent funds may be used until all funds are gone.

How your HSA Solutions account works

- If you are enrolled in an HSA-qualified medical plan through your employer, you can open an HSA Solutions account and determine how much you want to contribute. Your employer can tell you if your plan is HSA-qualified, which means it has an annual deductible of at least \$1200 and has specific limits on your maximum out-of-pocket expense. It's easy to open, manage and access online.
- If you enroll in an HSA-qualified plan, you'll want to decide how much to contribute to your HSA. In 2010 and 2011, you can contribute up to \$3,050 if you have single coverage, or up to \$6,150 if you have family coverage. You can use HSA dollars to pay for the health insurance deductible and qualified medical expenses, including those not covered by the health insurance, like dental and vision care.
- Once you decide how much to contribute, that money will be put into your HSA Solutions account BEFORE taxes in installments during each pay period throughout the plan year. Some employers also make contributions. You may also be able to make manual payments during the year, so long as the sum of all contributions does not exceed the maximum allowed.
- When you have an out-of-pocket medical expense, you decide if you want to use your HSA dollars to pay for it. You can do that by using your DirectPay Benefits Card or by setting up a direct payment from your account to your provider. You can also reimburse yourself by transferring funds from your HSA Solutions account to your checking or savings account at your bank.
- If you decide to pay out-of-pocket for medical expenses, you can change your mind and reimburse yourself from your HSA dollars later on. Just be sure to save all your receipts and documentation.
- While there is not a requirement to submit receipts to prove your HSA dollars were spend only on qualified expenses, the IRS can audit your taxes and if you can't prove your HSA dollars were spent on legitimate medical expenses, they will become taxable income and a 20% penalty will be assessed if you are under age 65.

2010-2011 HSA Dollar Limits

The Internal Revenue Service (IRS) has issued [Revenue Procedure 2010-22](#) and there will be no changes in the HSA minimum annual deductibles, maximum annual out-of-pocket expenditure and annual deduction limits for 2011. The 2010 and 2011 limits are shown below:

	2010	2011
Minimum Annual Deductible (Self-only Coverage)	\$1,200	\$1,200
Minimum Annual Deductible (Family Coverage)	\$2,400	\$2,400
Annual Out-of-Pocket Limits (Self-only Coverage)	\$5,950	\$5,950
Annual Out-of-Pocket Limits (Family Coverage)	\$11,900	\$11,900
Annual Contribution Limitation (Self-only Coverage)	\$3,050	\$3,050
Annual Contribution Limitation (Family Coverage)	\$6,150	\$6,150