

# Health Savings Account (HSA) FAQ

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## What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-advantaged savings account that allows tax-free withdrawals for plan-approved medical expenses, such as doctor visits and prescriptions, not covered until your high deductible has been met. An HSA gives you more flexibility and control over personal health care costs as a supplement to your High Deductible Health Plan\*. Best of all, an HSA does not rely on employer contributions, and your savings rolls over from year to year. For your convenience, Carolina Trust also provides VISA® Debit card access to your HSA checking account.

## Who is eligible for HSA?

To make contributions to an HSA, the account owner must meet all of the following requirements:

- Must be covered under a qualifying High Deductible Health Plan\* (HDHP).
- Cannot be covered by any other health plan (other than the HDHP).
- Cannot be enrolled in Medicare.
- Cannot be claimed as a dependent on another person's tax return.
- Must be age 64 or younger. Individuals may not make regular contributions to an HSA in or after the tax year they reach age 65.

## What are the general benefits of an HSA?

An HSA is fully portable. You're not placed in the position of having to use or lose your savings at the end of each year. Remaining HSA balances carry over from year to year. And since you own the account, the account goes where you go, regardless of job changes.

- Your contributions are tax-deductible\*\*, and the account earnings accumulate on a tax-deferred basis. Withdrawals are tax-free if the funds are used for plan-approved medical expenses, such as doctor visits, prescription drugs, and over-the-counter medications for the HSA owner, his/her spouse, and dependents.
- An HSA is a great savings tool for medical expenses incurred during retirement, and a provisional catch-up contribution can be made by account owners age 55 and older. Individuals age 65 and older are not HSA eligible.

## What are the tax benefits of an HSA?

HSA contributions are generally tax-deductible\*\*, and the account earnings will accumulate on a tax-deferred basis. Best of all, withdrawals are tax-free if the funds are used for qualifying medical expenses. Qualifying medical expenses are expenses incurred after the opening of an HSA and may include doctor visits, prescription drugs, and over-the-counter medications for the HSA owner, his/her spouse, and dependents. Qualifying medical expenses are those approved by your High Deductible Health Plan (HDHP).

## What are the contribution limits?

Contributions for the current year can be made until April 15th of the following year. The maximum contribution limits are listed below.

Year	Maximum Individual Contribution	Maximum Family Contribution	Catch-up Provision (age 55 and older)
2018	\$3,450	\$6,900	\$1,000

**What fees are associated with this account?**

Unlike most banks, Carolina Trust Federal Credit Union does NOT have set-up or maintenance fees associated with our Health Savings Accounts.

**How can I access the funds in my HSA?**

Carolina Trust has an HSA checking account with debit card access, or you may choose to order checks. These are convenient payment options for doctor visits and pharmacy purchases. You may also choose to withdraw money directly from your Health Savings Account if you're planning in advance to pay for an approved medical expense.

**What happens to the account during retirement or job changes?**

HSAs are fully portable. You are the account owner, and the account goes where you go, regardless of job changes or retirement.

**What happens to the remaining balance at the end of the year?**

Any remaining HSA balance is carried over to the next year. Therefore, account owners are not placed in the position of having to use or lose their savings at the end of each year. This feature makes an HSA a great savings tool for medical expenses incurred during retirement.

**Where can I get more information?**

Contact Carolina Trust Federal Credit Union at 843.448.2133 to open a Health Savings Account or for more information.

\*In 2018, a High Deductible Health Plan (HDHP) is defined as a medical insurance plan with a deductible of at least \$1,350 for individual coverage or at least \$2,700 for family coverage. Additionally, the maximum allowable out-of-pocket spending amounts for HSA-compatible high deductible health plans are \$6,650 for individual coverage or \$13,300 for family coverage. \*\*HSA owners should consult your tax advisor for tax deductibility information.