Glynn Griffing & Associates

Employee FAQ:

Health Savings Accounts

What is a health savings account (HSA)?

An HSA is a tax-advantaged personal savings account that can be used to pay for medical, dental, vision and other qualified expenses now or later in life. To contribute to an HSA, you must be enrolled in a qualified high-deductible health plan (HDHP) and your contributions are limited annually. The funds can even be invested, making it a great addition to your retirement portfolio.

Why should I participate in an HSA?

High-deductible health plans typically have lower monthly premiums and greater out-of-pocket costs. An HSA helps offset those costs and ensure you have money set aside to pay for out-of-pocket healthcare expenses. HSA contributions can be made pre-tax via payroll contributions, or post-tax – which simply means you can reap the tax benefit when you file your income taxes. Either way, you're saving an average of 30% and making your healthcare dollars stretch further. But an HSA is also a powerful investment vehicle and can be a smart addition to your retirement strategy. You will never be taxed when you use HSA dollars
for qualified medical expenses. No other investment account offers this benefit!

Am I eligible to contribute to my HSA?

To contribute to an HSA, you must be enrolled in a qualified HDHP, not covered under a secondary health insurance plan, not enrolled in Medicare, and not another person's dependent.

What is a high-deductible health plan?

The IRS defines HSA-eligible plans, also known as qualified high-deductible health plans (HDHPs), as those that have a deductible of at least $1,650 for an individual and $3,300 for a family and have an out-of-pocket maximum that does not exceed $8,300 for individual or $16,600 for family coverage.

How do I contribute money to my HSA?

Most employers offer a payroll deduction through a Section 125 Cafeteria Plan, allowing you to make contributions to your HSA on a pre-tax basis. The contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

How much can I contribute to my HSA?

Contributions can be made by the eligible employee, their employer, or any other individual. Annual contributions from all sources may not exceed $4,500 for singles or $9,000 for families in 2027. Individuals aged 55 and over may make an additional $1,000 catch-up contribution.

Can I change my contributions to my HSA during the year?

You can change your election amount at any time during the plan year. You are not "locked in" to the amount you selected during your open enrollment period.

What can I spend my HSA funds on?

You can use your HSA to pay for eligible healthcare, dental, and vision expenses for yourself, your spouse, or eligible dependents. The IRS provides specific guidance regarding eligible expenses. (See IRS Publication 502)

How do I access the funds in my HSA?

Use your GGA Benefits Card for eligible healthcare expenses or pay with your personal funds and reimburse yourself with money from your HSA.

Do I have to spend all my contributions by the end of the plan year?

Unlike a flexible spending account (FSA), unused money in your HSA isn't forfeited at the end of the year; it continues to grow, tax-free.

What happens if my employment is terminated?

If you get laid off, furloughed from your job or choose to leave, your account and funds stay with you and you can always use your HSA dollars to help pay for qualified medical costs.

What happens to my money if I'm no longer in an HSA-eligible health plan?

Once you discontinue coverage under an HSA-eligible health plan and/ or get secondary health insurance coverage that disqualifies you from an HSA, you can no longer make contributions to your HSA. However, since you own the HSA, you can continue to use the remaining funds for future healthcare expenses.

When must contributions be made to an HSA for a taxable year?

Contributions for the taxable year can be made in one or more payments at any time after the year has begun and prior to the individual's deadline (without extensions) for filing the eligible individual's federal income tax return for that year. For most taxpayers, the deadline is April 15 of the year following the year for which contributions are made.

Is tax reporting required for an HSA?

Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. You do not have to itemize to complete this form.

Can I use my HSA for non-healthcare purchases?

If you withdraw money for an unqualified expense prior to age 65, you'll be subject to your ordinary income tax, in addition to a 20% tax penalty. You can withdraw the money for any reason without penalty after age 65 but are subject to applicable income taxes.

How does a limited purpose flexible spending account (LPFSA) work with my HSA?

An LPFSA allows you to set aside pre-tax dollars for dental and vision expenses. You are eligible to open an LPFSA if you are enrolled in an HSA. By using your LPFSA for dental and vision expenses, you can preserve your HSA funds for growth and maximize your long-term savings.

Can I invest my HSA funds for growth?

Yes. Once your HSA cash account balance reaches $1000, you can invest your funds like a 401(k). But unlike a 401(k), you will never pay taxes on withdrawals for qualified expenses, making your HSA a powerful investment vehicle to help you prepare for future healthcare expenses, even into retirement.

Can I move funds from my investment account to my HSA cash account?

Yes. You can move your investment funds to you HSA cash account at any time.

What type of investment options are provided?

Your Glynn Griffing & Associates HSA gives you access to WealthCare Investments – a modern investment experience with features and functionality new to HSAs. You can manage all aspects of your HSA, including your investments, from a single platform. You can choose from three investment paths to suite your needs and experience level: Managed, Self-Directed, and Brokerage.

Is investing my HSA the only way to maximize my contributions?

No. Unused funds in your HSA cash account will earn interest and grow tax-free. You can choose the interest option to meet your needs: High-Yield or Traditional. The High-Yield interest option can help you earn higher interest on your HSA cash balance.

For more information, call 601-982-0331

GG&A
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P.O. Box 16509 • Jackson, MS 39236 • www.glynn.info