

2021 Health Savings Account (HSA) Guide

Empower
wealth advisors
4358 Lockhill Selma Rd | Building 1, Suite 100
Shavano Park, TX 78249
(210) - EMPOWER
www.EmpowerWealthAdvisors.com

Empowering Your Dreams



HSA Eligibility

Qualified High-Deductible Health Plan Requirements (QHDHP)	2021	
	Individual	Family
QHDHP Minimum Deductibles	\$1,400	\$2,800
QHDHP Maximum Out-of-Pocket Amounts ¹	\$7,000	\$14,000

¹ Including deductibles, co-payments, and other amounts, but excluding premiums. See IRS Publication 969 (www.irs.gov) for more information.

HSA Contribution Limits

	2021	
	Individual	Family
HSA Contribution Limits (employer + employee)	\$3,600	\$7,200
HSA Catch-Up Contributions (Age 55 and over)	\$1,000	\$1,000

HSA balances rollover year to year, unlike Flexible Spending Accounts (FSA).

Qualified HSA Funding Distribution (QHFD)

A one-time **tax free** rollover from an IRA to an HSA. Rollover along with other contributions can not exceed the contribution limit for the year. Contribution can only be made for the current year.

Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Advisor. Fixed insurance products and services offered by Empower Wealth Advisors.

HSA Uses

- Payment of Qualified Medical Expenses¹
- Medicare Parts A, B, D premiums
- Medicare HMO

¹ See IRS Publication 502 (www.irs.gov) for more information.

Note: **Medigap** premiums are **not** eligible expenses.

Tax Advantages

	Employee	Employer
Contributions are pre-tax		
Growth (interest earned) is tax-free		
Withdrawals for qualified medical expenses tax-free		
Contributions to employees HSA are Deductible		
Contributions to employees HSA are FICA tax-free		

Beneficiary

Spouse	▪ Tax-free transfer to their HSA
Non-Spouse	▪ Taxable as income

At Age 65

*Special Considerations	
65 yrs. and older	▪ Use for retirement income, but taxable.
Pre-65 yrs.	▪ Use for Non Qualified Medical Expenses taxable plus 20% penalty

Long-Term Care Premiums

HSA funds can be used tax-free to pay Long-Term Care insurance premiums up to limits based on age.

Age	2021 Tax free withdrawal for LTC
< 40	\$450
41-50	\$850
51-60	\$1,690
61 - 70	\$4,520
> 70	\$5,640



Empowering your dreams
Empower
wealth advisors

2021 Health Savings Account (HSA) Guide

<u>Married Couple</u>		<u>Employer: 10 employees @100k</u>	
Household Income	\$100,000	Company Payroll	\$1,000,000
	↓		↓
HSA Contribution	\$7,200	Employee HSA Contribution	\$72,000
	\$7,200 x 22% =		\$72,000 x *7.65% =
	\$1,584		\$5,508
	Tax Savings		Tax Savings

**based on a 125 cafeteria plan*

HSA Providers

HSA Providers Examples

Providers	Debit Card	Self-directed Brokerage	Mutual Funds Only
Lively	✓	✓	
Fidelity	✓	✓	
Health Savings Administrators	✓		✓

** There are many providers with different options available. The ones listed are selected to provide a reference. We recommend you research providers to select the one that will best fit your needs.*

IRS Guidance Publication

Health Savings Account Publication 969

Things to look for in an HSA Provider:

Investment Threshold	Some accounts may have investment minimums. Understand what these minimums are and if it is feasible.
Investment Menu	What are the options? Long-term options, or only low-return options?
Self-directed Brokerage	Self-directed brokerage accounts allow you the flexibility to invest in stocks and bonds of your choice. Is it limited only to the providers pooled investments?
Financial Strength	Ensure the provider you choose is reputable.
Account Fees	Look at what fees are associated with the account. Some providers may have fee waivers for accounts that meet specific criteria.
Tiered Interest Rate	Tiered interest rates means the interest rate increases as the balance increases.
Debit Cards	Some providers will include a debit card to pay for expenses directly from the HSA. Others will work on a reimbursement system.



This material is intended for informational purposes only. Please contact your financial professional for more information specific to your situation. Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser.