

## What is a Health Savings Account?

An HSA works like an IRA, except that money is used to pay health care costs. Participants enroll in a relatively inexpensive high deductible insurance plan. Then, a tax-deductible savings account may be opened to cover current and future medical expenses. The money deposited, as well as the earnings, is tax-deferred. The money can then be withdrawn to cover qualified medical expenses tax-free. Unused balances roll over from year to year.

**Everyone** (not just the self-employed or small businesses) with a qualified high deductible insurance plan is eligible for a tax-deductible HSA.



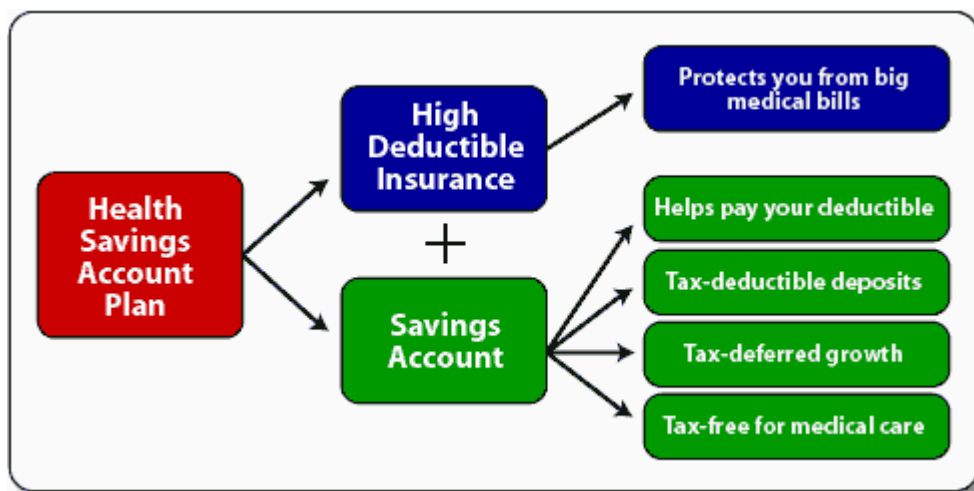
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## Why High Deductible Health Insurance?

To get the benefits of an HSA, the law requires that the savings account be combined with High Deductible Health Insurance. High Deductible Health Insurance costs less than traditional low deductible coverage, because the insurance company does not have to process and pay claims for routine, low-dollar medical care.

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## How does a Health Savings Account work?



Each year you're allowed to save 100 percent of the health plan's annual deductible, up to \$3,050 for singles and \$6,150 for families in 2011. Older Americans can save even more. You do not have to itemize your deductions on your federal income taxes to deduct your contributions to an HSA. You can use the savings account to pay for your lower-dollar medical expenses, or those that are not covered by the health plan. Once you meet the deductible, the health insurance covers your medical expenses as defined in the policy.