

# Health Savings Accounts (HSAs) for Employers

A Health Savings Account (HSA) is a tax advantaged account used to pay for health care expenses. HSAs must be paired with a High Deductible Health Plan (HDHP), and together can offer significant insurance savings and tax-exempt savings.

## How can HDHPs and HSAs help my business?

- HDHPs can reduce corporate health insurance premium expenses, and HSAs allow employees to save for health-related expenses.
- The savings can then be given to employees to help cover the insurance premium by giving them tax-free dollars that can also earn tax-deferred interest.
- The money saved by employees in an HSA never expires and rolls over year-after-year.

## Opening an HSA is simple:

- Contact your insurance provider to select an HDHP that is best for the company and which qualifies under IRS guidelines. *Contact a tax advisor or visit the IRS web site for more information.*
- Visit any of our branches to apply.

# Health Savings Account FAQs

## How Do I Open an HSA?

Your insurance provider can help you determine which HDHP plan will be best for your company and if it qualifies under IRS guidelines. Once you have chosen a qualifying HDHP, opening an HSA is as easy as opening a checking account. Your employees can visit any one of our 13 branches to open their HSA and start saving for medical expenses.

## Who Can Contribute to an HSA?

HSA Contributions can be made by:

- You, as the employer
- The employee
- Any other individual

Employees can contribute as often as they would like up to the predetermined IRS limit. This limit is different for individual coverage and family coverage. Check with your insurance agent or the IRS for the current year contribution limits.

## What are the Benefits of an HSA to your employee?

- **Tax Savings:** Payroll deductions are made pre-tax, additional contributions may be deductible, and interest and earnings are tax free as long as they remain in the HSA.
- **Insurance Savings:** An HDHP can offer significant savings over a typical health plan.
- **Ownership and Portability:** You own the HSA. If you change jobs or health plans, the funds in your HSA are yours to keep.
- **Retirement Benefits:** After retirement an HSA is treated like a traditional IRA and funds can be used as income without penalty.

## How Do Employees Pay for Health Expenses?

All Bank of Utah HSAs come with checks, a free Visa debit card, and free online banking and bill pay.

## How Does Tax Reporting Work for Employees?

As the employer, you will send each employee a 5498 SA form with a report of contributions and a 1099 SA form with a report of distributions from the HSA annually. They must file form 8889 as part of their annual tax return to report the amount of distribution used for qualified health care expenses.

What If Employees Use My HSA for a Non-qualified Expense?

If funds from an employee's HSA is used for a non-qualified expense, they will be subject to a penalty tax on those funds. The penalty tax can be expensive, so contact your insurance provider if you are unsure if a payment is qualified.

How do HSAs and Cafeteria Plans compare?

Options	Cafeteria Plan	HSA
Used for out-of-pocket health expenses	X	X
Employee contributions allowed	X	X
Employer contributions allowed	X	X
Employers receive deductions for payments	X	X
Pre-funded	X	X
Works with any health plan		X
Unused balance rolls over annually		X
Investment options with tax-free growth		X
Portable for consumer		X
Funds can be used for any purpose after retirement		X

For additional information and details on Health Savings Accounts, High Deductible Health Plans, and other insurance options, contact your health insurance provider or visit the IRS web site.



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