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## Are You Maximizing Your HSA Usage?

Your health savings account (HSA) can do more for you than you might think. HSAs are a type of savings account that people with high-deductible health plans (HDHPs) can contribute to and use to cover their medical expenses. But it can also be a useful tool for building and protecting your wealth.

Want to learn how to make the most of your HSA? The following tips can help:

### **HSA Pros and Cons**

HSAs come with significant tax advantages. Any money that you or your employer contribute to the account is tax-free. You can lower your overall tax bill by contributing to your HSA, and any withdrawals you make to cover qualified healthcare expenses are also tax-free. The money in your HSA can be invested and generate earnings.

You need to be enrolled in an HDHP to have an HSA, which means you will need to consider the out-of-pocket costs that will come with accessing health care. HSAs also have taxes and penalties if not used correctly.

### **Optimizing Your HSA Usage**

- **Make the maximum contribution.** Contributing the annual maximum amount to your HSA helps you build tax-free savings to cover your medical expenses. In some cases, you can take advantage of an employer contribution as well.
- **Make tax-free withdrawals.** Withdrawals for qualified expenses are tax-free. You also have the option of paying out-of-pocket for health care expenses and reimbursing yourself from your HSA funds later without impacting your taxable income.
- **Invest your HSA funds.** You have the option to invest a portion of your HSA funds like you would with any other retirement account. The return on that investment is tax-free.

Have any questions about your plan to protect and grow your wealth? Feel free to reach out any time.

***Helping clients get back to the basics of building and maintaining wealth in a tax efficient way.***



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