THE CLAREMONT COLLEGES SERVICES

A QUICK GUIDE TO HEALTH SAVINGS ACCOUNTS (HSA)

WHAT'S AN HSA?

With a Health Savings Account (HSA) you can set aside funds to pay for qualified medical, dental, and vision expenses for yourself and your tax dependents. This account offers tax savings in two ways: your payroll contributions are taken out pre-tax and the interest or income generated from your account is also tax-free (as long as you use your funds for qualified health care expenses). Your HSA funds can grow year-over-year, and the account belongs to you even if you leave your employment with The Claremont Colleges. Participants must be enrolled in the Blue Shield High Deductible Health Plan (HDHP) in order to have an HSA.

FUNDING YOUR HSA

Your Contributions:

You can save on your taxes by making pre-tax contributions from your paycheck to your account and you may also qualify for a free employer contribution to your account. For 2024, you may contribute up to:

Individual: $4,300*
Family: $8,550*
If you are over age 55, you may make up to an additional $1,000 in catch-up contributions.

* The maximum includes both employer and employee amounts.

Employer Contributions:

Even if you do not contribute to the HSA, you may qualify for the employer contribution to your account:

Individual: $1,000**
Family: $2,000**

** Highly compensated employees (making over $155,000/year) do not qualify for employer contributions. In addition, domestic partners do not qualify for employer contributions.

Employer contributions are pro-rated based on your enrollment date.

Once your account balance reaches $1,001, you may invest your HSA money in mutual funds offered by HealthEquity. **You may stop, start, or change your HSA contributions at any time throughout the year.**

Funding your HSA

In most cases, a health savings account with HealthEquity will be automatically started for you when you enroll in the Blue Shield HDHP. You will receive a debit card which you can use to pay for your health expenses such as deductibles, prescriptions, lab tests, etc. (For a full list of eligible health expenses, visit www.irs.gov/pub502.) When you register on Blue Shield's online portal (https://my.healthequity.com/signup/memberactivation.aspx), you may also access your account to pay providers directly or reimberse yourself for an out-of-pocket medical expense. *For tax purposes, please be sure to keep records when using your HSA funds.*

FUNDING YOUR HSA

While an HSA can be a great way to save for the future and reduce your taxes, please remember a few special rules that may affect your eligibility to contribute to an HSA.

- Medical enrollment – IRS Regulations prohibit "other coverage" that is not a high deductible medical plan along with your health savings account. Medicare Part A (hospitalization coverage) or B (medical coverage) is considered "other coverage," and is incompatible with continuing to contribute to an HSA. Once you begin collecting Social Security (by age 70), your Medicare Part A coverage begins automatically. A few guidelines...
  - If you want to contribute to the HSA for as long as possible, defer your Social Security enrollment.
  - When you DO enroll in Social Security, work with Benefits Administration to stop your HSA contributions. We can assist you with calculating the maximum contribution for the year in which you enroll in Medicare.
  - Keep in mind, your medicare effective date may be retroactive up to 6 months which would push back the date for you to stop your HSA contributions.
  - Don't forget: Your remaining HSA funds may be used for qualifying health expenses even if you are no longer contributing to the account.
- As we do not know the details of your specific situation, please consult your financial planner and/or tax adviser about the timing of Social Security benefits and your HSA.
- Other types of coverage – Do you have dependent coverage in addition to your high-deductible plan? If you enroll in your spouse's medical plan for example, it must qualify as a high-deductible plan or you will lose your HSA-eligibility.
- Does your spouse have a regular (non-limited) FSA? As spouses are considered eligible for one another's FSA funds, this is also incompatible with the health savings account.

Help! I contributed to the HSA when I shouldn't have!

- If you contributed too much or shouldn't have contributed at all in the previous tax year, contact Benefits Administration for assistance.
- If it is prior to the tax filing deadline (April 15), you may be able to process a refund of your excess contribution from the prior year. An Excess Contribution form will need to be completed and submitted to HealthEquity.
- After the tax filing deadline, please work with your tax advisor on calculating any penalty and interest owed on your prior year contribution.
- If you discover you have contributed too much for the current year, please contact Benefits Administration to stop your contributions and to submit an Excess Contribution form if necessary.

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