



Fact sheet:

Health Savings Accounts (HSAs)

Q: What is an HSA and how does it work?

A: A health savings account (HSA) is a tax-advantaged account that works in conjunction with an HSA-eligible health plan that meets IRS guidelines and allows the participant to save tax-free money for eligible medical expenses. Money in an HSA rolls over year after year and is owned by the participant even if they change jobs or health plans.

Q: What expenses are eligible?

A: Any out-of-pocket and unreimbursed medical expenses allowed under section 213(d) of the Internal Revenue Code, including medical premiums (under limited circumstances) and long-term care expenses. A complete list can be found at www.bcbsvt.com/mymoney

Q: What are the IRS guidelines the health plan must meet?

A: An HSA can only be opened with a health plan that meets the following IRS rules:

Minimum deductible:

Single	Family
Min Deductible 2020: \$1,400	Min Deductible 2020: \$2,800
Min Deductible 2021: \$1,400	Min Deductible 2021: \$2,800

Out of pocket maximum:

Single	Family
Out of Pocket Max 2020: \$6,900	Out of Pocket Max 2020: \$13,800
Out of Pocket Max 2021: \$7,000	Out of Pocket Max 2021: \$14,000

Q: How is an HSA funded?

A: Contributions to an HSA can come from the account holder, the employer or both. The HSA contribution limits for individual or family health plans change annually and are as follows:

Single	Family
Contribution Limit 2020: \$3,550	Contribution Limit 2020: \$7,100
Contribution Limit 2021: \$3,600	Contribution Limit 2021: \$7,200

Once age 55, individuals can contribute an additional \$1,000 towards their HSA account.

Q: How do employees save on taxes?

A: Account holders receive a “triple tax benefit:”

▪ **Taxable income reduction:**

Contributions to their HSA are pretax, which lowers their taxable income and stretches their dollars further.

▪ **Tax-free earnings:** Blue Cross and Blue Shield of Vermont offers competitive interest rates and investment options for eligible HSA plans. This growth is never taxed.

▪ **Tax-free distributions:** The funds in their HSA are not subject to taxation when they are used to pay for eligible expenses.

Q: What investment options are available?

A: The account holder can leave their entire HSA balance in their Blue Cross and Blue Shield of Vermont account, where it earns interest, or choose to invest a portion of it. Once an HSA base balance exceeds \$1,000, the account holder can open a basic, self-directed investment account, giving them access to more than 30 no-load and load-waived pre-selected mutual funds. At least \$1,000 must be kept in the base balance of the HSA account. A wide variety of pre-selected mutual funds are offered through Devenir Investment Advisors, LLC, a registered investment advisor and Blue Cross and Blue Shield of Vermont’s investment advisor for the optional investment program.

In addition, when the basic investment account balance exceeds \$10,000, the account holder can open a self-directed brokerage investment account with Charles Schwab. This account allows access to more than 2,500 mutual funds from a variety of fund families, as well as stocks, bonds and other investments.

Learn more. Talk to a health care spending administration expert.

Your Blue Cross and Blue Shield of Vermont sales representative can provide you with more information.

The Blue Cross and Blue Shield of Vermont difference

With every plan, you and your clients get:

- Award-winning customer service
- Hassle-free health care savings administration
- Low fees and high interest rates

Q: Do you have an FDIC-insured account?

A: Yes, Blue Cross and Blue Shield of Vermont offers an FDIC-insured account option.

Q: Is a debit card available?

A: Yes. A Visa® Debit Card is available for eligible medical expenses, and can be used at the point of purchase or after care.¹

¹The Blue Cross and Blue Shield of Vermont Visa Debit Card is issued by The Bancorp Bank, pursuant to a license from Visa U.S.A. Inc. and can be used for qualified expenses wherever Visa debit cards are accepted.

Need help?

Call Blue Cross and Blue Shield of Vermont at **1-866-999-2605**.

Visit www.bcbsvt.com/mymoney



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