HEALTH SAVINGS ACCOUNTS

Your HSA questions, answered.

Clear guidance for the choices you make at open enrollment and the everyday ways you use your account.

01 What is a Health Savings Account?

An HSA is an individually owned account for qualified healthcare expenses, with federal tax advantages. Eligible individuals can contribute, use the balance for current expenses, or save it for future needs. Unused funds stay in the account from year to year. Your HSA is separate from your health insurance. [3]

02 How does it work?

Money goes into your HSA through eligible contributions or an account transfer. You can use the available balance for qualified medical, dental and vision expenses, or pay out of pocket and reimburse yourself later. Your health plan determines its own deductible, covered services and cost sharing. You do not have to spend the HSA balance each year. [3]

03 What are the tax advantages?

Eligible contributions receive federal income tax benefits. Earnings in the account and withdrawals for qualified medical expenses are also free of federal income tax. Employer contributions and salary reductions through a Section 125 cafeteria plan generally avoid Social Security and Medicare taxes. A direct personal contribution may be income-tax deductible, but does **not** refund payroll taxes already paid. State tax treatment can differ. [3, 5]

Personal support, with clear responsibilities.

Benefit Extras helps with enrollment, contribution administration, account tools and questions. Your HSA trustee or custodian holds the account funds. Your account agreement explains available services, fees and investment options.

01 / ELIGIBILITY

Start with your coverage.

Your health plan and any other coverage both matter. [3, 4]

04 Who can contribute to an HSA?

For a month to count, you generally must have HSA-eligible health coverage on the **first day of that month**, have no disqualifying coverage, and not be enrolled in Medicare. You also cannot be eligible to be claimed as someone else's tax dependent, even if they do not actually claim you. The rules for contributing differ from the rules for spending an existing balance.

05 How do I know whether my health plan qualifies?

Ask your employer or insurer to confirm HSA eligibility; a high deductible alone is not enough. Standard qualifying HDHPs must meet the thresholds on page 3 and generally limit pre-deductible benefits, with exceptions for permitted preventive care and telehealth. Certain **individual-market bronze and catastrophic plans** receive special treatment beginning in 2026; this does not automatically extend to an employer's group bronze plan.

06 Can I have other insurance or a primary care membership?

Some coverage is permitted, including dental, vision, accident, disability, long-term care, and certain specified-disease or fixed hospital-indemnity coverage. Other medical coverage can disqualify you. For 2027, a qualifying direct primary care arrangement can be compatible if aggregate monthly fees do not exceed **$150 for one person or $300 when covering more than one person**; other requirements also apply. Have the arrangement reviewed before contributing. [1, 4]

07 Can my spouse's FSA or an HRA affect my eligibility?

Yes. A general-purpose health FSA or HRA that can reimburse your medical expenses usually disqualifies you, including a spouse's FSA that covers you. Not using that coverage does not remove it. A properly designed limited-purpose or post-deductible arrangement can be compatible; see page 5. Review any FSA grace period or carryover when changing coverage.

08 What if I am enrolled in Medicare?

Enrollment in any part of Medicare ends contribution eligibility for the affected months. Turning 65 alone does not. Medicare coverage can be retroactive, so review its effective date before contributing or applying for benefits. You can still use an existing HSA balance for qualified expenses after contributions stop.

02 / ANNUAL LIMITS

The numbers for 2027.

Your annual contribution limit includes all contributors. [1-3]

09 How much can I contribute?

With full-year eligibility, the 2027 limit is **$4,500 for self-only coverage** or **$9,000 for family coverage**, before any age-55 catch-up. Reduced eligibility can lower your limit.

Annual amount	2026	2027
HSA contributions - self-only	$4,400	**$4,500**
HSA contributions - family	$8,750	**$9,000**
HDHP minimum deductible - self-only	$1,700	**$1,750**
HDHP minimum deductible - family	$3,400	**$3,500**
HDHP out-of-pocket maximum - self-only	$8,500	**$8,700**
HDHP out-of-pocket maximum - family	$17,000	**$17,400**

HDHP figures are the standard federal thresholds. Premiums do not count toward the out-of-pocket maximum; different rules can apply out of network. Special individual-market bronze/catastrophic rules are described on page 2.

10 How does the age-55 catch-up work?

If you are age 55 or older by year-end and otherwise eligible, you may contribute up to an additional **$1,000**. It is available in the year you turn 55; part-year eligibility can reduce it. Each eligible spouse's catch-up must go into that spouse's own HSA.

11 What if my coverage changes during the year?

Your limit is generally calculated month by month using eligibility and coverage on each month's first day. For example, six eligible months of self-only coverage in 2027 generally allow **$2,250**, before any catch-up or last-month-rule adjustment.

12 What is the last-month rule?

If eligible on December 1, 2027, you may qualify for a full-year limit based on that coverage. You must remain eligible through **December 31, 2028**. If you fail this testing period, except because of death or disability, the extra contributions allowed only by this rule become taxable in the year eligibility fails and generally face an additional **10% tax**.

03 / CONTRIBUTIONS

Put money in with confidence.

Coordinate payroll, personal deposits and any other HSA accounts. [3, 5]

13 How can I add money, and when is the deadline?

Available methods may include payroll, employer contributions or a personal bank transfer. Contact us for current instructions before mailing a check. Contributions generally are due by the federal income-tax return due date for the contribution year, **without extensions**. Identify the tax year for deposits made after year-end.

14 Can I have more than one HSA, or share one with my spouse?

Multiple HSAs share one annual contribution limit. Each HSA has one owner; spouses cannot have a joint HSA. When both spouses are eligible and either has family HDHP coverage, they generally share the family limit, by agreement. Count both employers' contributions. Each spouse's catch-up goes into their own HSA.

15 Can I transfer money from another HSA or an IRA?

A direct HSA-to-HSA trustee transfer does not use your annual contribution limit. A rollover paid to you generally must be completed within **60 days**; only one HSA rollover is allowed in a one-year period.

An IRA-to-HSA qualified funding distribution is different. It generally is available once per lifetime, must move directly between trustees, counts toward your HSA limit, is not deductible, and has its own eligibility testing period. Ongoing SEP and SIMPLE IRAs are excluded. Ask for guidance before moving IRA funds.

16 What if too much is contributed?

Use your custodian's formal process to withdraw excess contributions and associated earnings by the tax-return due date, including extensions. An ordinary withdrawal is not the same correction. Uncorrected excess can trigger an annual **6% excise tax**. Contact us and your tax preparer for help with the process and reporting.

17 What tax records will I need?

Keep Forms W-2, 5498-SA and 1099-SA with your HSA and expense records. Employer and cafeteria-plan contributions appear in **W-2 box 12, code W**. Form 8889 reports HSA activity and any deduction or additional tax. **Do not deduct payroll contributions again.**

04 / FSAS AND QUALIFIED EXPENSES

Know what your HSA can cover.

Contribution eligibility and expense eligibility are separate questions. [3]

18 How is an HSA different from a health FSA?

An HSA is your individual account. Its unused balance carries forward, and spending is limited to available funds. A health FSA is an employer-sponsored reimbursement plan: its annual elected benefit is generally available during coverage before all payroll deductions occur. Unused FSA amounts are generally forfeited, subject to any permitted carryover or grace period in the employer's plan.

19 Can I use a limited-purpose or post-deductible FSA?

If your employer offers it, an HSA-compatible limited-purpose FSA generally reimburses eligible dental and vision expenses. A post-deductible FSA can reimburse eligible medical expenses incurred after the applicable statutory minimum HDHP deductible is satisfied, as the plan permits. For 2027, those standard minimums are **$1,750 self-only and $3,500 family**.

A limited-purpose FSA does not automatically include post-deductible medical coverage. Check your employer's plan document and certification requirements.

20 What medical expenses qualify?

Common examples include unreimbursed deductibles, copayments, prescriptions, eligible over-the-counter medicines, menstrual care products, dental treatment and vision care. The expense must qualify under the HSA rules and be incurred after your HSA was established. It does not have to be covered by your health insurance.

Ordinary toiletries, cosmetics, maternity clothing and general health-club dues generally do not qualify. Purely cosmetic procedures are generally excluded. An expense's purpose and supporting documentation can matter; IRS Publication 502 is a useful reference, but HSA-specific rules also apply.

21 Can I use my HSA for a spouse or child?

Yes. Qualified expenses can be for you, your spouse or dependents under the special HSA tax rules, including some people you could claim except for the income, joint-return or dependent-status exceptions in IRS Publication 969. They do not have to be covered by your HDHP.

An adult child's coverage on your health plan through age 26 does **not**, by itself, make the child's expenses HSA-qualified. Ask before reimbursing expenses when the tax-dependent relationship is unclear.

05 / USING YOUR MONEY

Spend it well. Keep the records.

Your HSA can pay qualified expenses now or reimburse you later. [3]

22 Can I pay insurance premiums with my HSA?

Most premiums are not qualified expenses. Important exceptions include:
• Qualified long-term care insurance, within annual age-based limits.
• Health continuation coverage required by federal law, such as COBRA.
• Health coverage while receiving federal or state unemployment compensation.
• Medicare and certain other health coverage once the HSA owner is age 65 or older. **Medigap premiums are excluded.**

The owner's age matters: if you are under 65, your spouse's Medicare premiums generally do not qualify merely because your spouse is 65 or older.

23 How do I pay a bill or reimburse myself?

Depending on your account's available features, you may use an HSA debit card, request a payment, or reimburse yourself through the account portal after paying out of pocket. You can use only the available balance. Check your current account agreement for payment methods, processing times and fees; contact us if you need help.

24 Do I have to reimburse myself in the same year?

No federal deadline requires you to reimburse yourself in the same year. Keep records showing that the expense was incurred after the HSA was established, was qualified, and was not reimbursed by insurance, an FSA, an HRA or another source. It also cannot have been taken as an itemized medical deduction. Save itemized receipts and any relevant explanation of benefits with your tax records.

25 What if I use the money for something that does not qualify?

The nonqualified amount is generally subject to federal income tax and an additional **20% tax**. The additional tax does not apply to distributions made after you reach age 65, become disabled, or die, but nonqualified withdrawals can still be taxable. Contact your custodian promptly if a payment was made by mistake.

06 / YOUR ACCOUNT OVER TIME

An account that stays with you.

Your job or coverage may change. Your HSA remains yours. [3]

26 What happens if I leave my employer or change health plans?

You keep the HSA and its remaining balance. You can continue to use it for qualified expenses even when you are no longer eligible to contribute. Future contributions require you to meet all eligibility conditions. Review your account agreement for any fee changes when employer sponsorship ends.

27 What changes when I turn 65?

Turning 65 alone does not require you to close the HSA or stop contributing; you must still meet all contribution requirements. Enrollment in Medicare ends contribution eligibility for the affected months. Qualified withdrawals remain tax-free. Nonqualified withdrawals after age 65 are generally taxable but no longer subject to the additional 20% tax.

28 Can I invest my HSA balance?

Some accounts offer investment options after a minimum cash balance is met. Available investments, fees and thresholds depend on your custodian and account agreement. Investments can lose value. Consider your expected healthcare spending and review the current investment materials before moving funds you may need soon.

A question that needs a real conversation?

Call 952.435.6858 or email flex@benefitextras.com.

Visit our HSA page for guidance and account resources.

REFERENCE NOTES

[1] 2027 HSA and standard HDHP limits - IRS Revenue Procedure 2026-24
[2] 2026 comparison figures - IRS Revenue Procedure 2025-19
[3] HSA eligibility, contributions and distributions - IRS Publication 969
[4] Bronze/catastrophic plans, telehealth and direct primary care - IRS Notice 2026-5
[5] Payroll tax treatment - IRS Publication 15-B

Federal tax overview for 2027, reviewed September 14, 2026. Plan documents and your account agreement govern their terms. Contact your tax adviser for individual advice; rules may change.