

HEALTH SAVINGS ACCOUNTS (HSAs)

ADMINISTERED BY QUAD CITY BANK & TRUST

A health savings account (HSA) is a tax-exempt savings account established for the purpose of paying for the qualified medical expenses of an individual and/or his or her spouse and tax dependents. HSAs are designed to provide eligible individuals with the following Federal tax benefits:

- HSA contributions are tax-free.
- Interest and other earnings on HSA contributions accumulate tax-free.
- Amounts distributed from an HSA for qualified medical expenses are tax-free.



HSA Eligibility

HSAs are offered in combination with high deductible health plans (HDHPs). To be HSA-eligible, you must be covered under a qualified HDHP and not also covered by another medical plan that is not a HDHP, including Medicare. Coverage under a full FSA is not allowed either.

Yearly Contribution Limits

- \$4,300 Single Coverage (2025)
- \$8,550 Family Coverage (2025)
- If you are 55 years old and older, you can contribute an extra \$1,000 per year to your HSA to help save for retirement

Additional HSA Information

You may participate in a Health Savings Account if you are enrolled in the following plan through Augustana College:

- Medical Plan 2-HDHP
- HSA funds rollover year over year. HSAs can increase savings for future health care needs, even into retirement.
- HSAs are controlled and owned by the you. Therefore, HSA owners are responsible for annually reporting HSA contributions and distributions to the IRS as an attachment to their tax return.
- HSAs are portable, meaning you keep your HSA even if you change jobs.
- Even if you are no longer HSA eligible (example: no longer covered under a HDHP), you can still use accumulated HSA funds to pay for qualified medical expenses on a tax-free basis. However, you may not contribute to your HSA.
- For individuals who delay enrolling Medicare, Part A coverage may retroactively begin 6 months prior to the application date. To avoid making excess HSA contributions (and incurring a tax penalty), CMS recommends that individuals stop contributing to their HSAs 6 months prior to applying for Medicare.
- Any HSA withdrawal used for a purpose other than to pay for qualified expenses are taxable as income and subject to an additional 20% penalty. However, after 65 the penalty does not apply.

Regulatory information regarding the use of the Augustana Clinic and the Rock Island Wellness Clinic while Contributing to an HSA:

All employees with a Health Savings Account are only permitted to use these Clinics for the following scenarios:

- You utilize the clinic for "preventative services only" as outlined in your Qualified High Deductible Health Plan ; **or**
- You have met you Annual Deductible for the year.

The use of the clinics while having an HSA account under any circumstances other than those listed above will negatively impact your eligibility to make contributions to your HSA and thus be subject to tax consequences. Please note - HSA eligibility and contribution rules are outlined and governed by the IRS and not Augustana College.

Examples of HSA Eligible Expenses

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| • Medical expenses not paid for by insurance such as deductibles, co-payments and coinsurance amounts | • Hearing aids and batteries | • Laser eye surgery |
| • Dental and vision services | • Birth control | • Psychiatric care |
| • Transportation expenses to visit your doctor | • Band aids | • Speech therapy |
| • Prescription drugs | • Diagnostic tests and monitors | <i>This is not an exhaustive list. Go to www.irs.gov for more information.</i> |
| • Medical devices | • Podiatrists | |
| • Home care expenses | • Nutritionists | |
| | • Physical therapy | |
| | • Acupuncture | |