

Health Savings Accounts

Eligibility: To qualify for an HSA, you must have a **high-deductible health plan (HDHP)** and not be enrolled in other health insurance or covered by Medicare. Not be a dependent of another taxpayer.

These limits apply to contributions made to an HSA (Health Savings Account) by an individual, not employer contributions (although employer contributions count toward the total limit).

HSA Rules

The key benefit of an HSA is that **funds roll over from year to year**. This means that **unused funds in your HSA are not forfeited** at the end of the year, unlike Flexible Spending Accounts (FSAs). Here's how the rollover works:

- **No "Use-It-or-Lose-It" Rule:** HSA funds **carry over indefinitely**.
- **Growth of Funds:** In addition to being rolled over, the funds in your HSA can be invested and grow tax-free. You can invest your HSA funds in stocks, bonds, or mutual funds (depending on your HSA provider).
- **Tax-Free Withdrawals:** When you withdraw funds for eligible medical expenses, they are tax-free. If used for non-qualified expenses, the withdrawal is subject to taxes and a penalty (if under age 65). After age 65, you can withdraw the funds for non-medical expenses without the penalty, though they will still be subject to ordinary income tax.
- The IRS allows the rollover of **all contributions**, including employer contributions, if the total contributions do not exceed the annual limit.
- **No Cap on Rollovers:** There is no maximum amount that you can have in your HSA overtime. If you continue to meet the eligibility requirements (i.e., having an HDHP), your HSA balance can grow indefinitely.
- **Nonelective employer contributions such as matching or seed contributions generally do not count toward the limit.**

You can still use your Health Savings Account (HSA) funds to pay for qualified medical expenses even if you are no longer enrolled in a high deductible health plan (HDHP). However, you will no longer be able to contribute.

Health Savings Account (HSA) Contribution Limits for 2024 and 2025				
Year	Coverage Type	Contribution Limit	Catch-Up Contribution (Age 55+)	Total Limit with Catch-Up
2024	Self-Only Coverage	\$4,150	\$1,000	\$5,150
2024	Family Coverage	\$8,300	\$1,000	\$9,300
2025	Self-Only Coverage	\$4,300	\$1,000	\$5,300
2025	Family Coverage	\$8,550	\$1,000	\$9,550