



Get Straight to the Facts

Eliminate common misconceptions about Health Savings Accounts.

A Health Savings Account (HSA) from ConnectYourCare offers you maximum control over your health care decisions, mutual fund options for investing HSA balances, and valuable triple tax savings. While we make it easy to manage your savings and spending, there are a lot of myths and misconceptions around HSAs. Let us help you cut through the confusion to make the most of your experience.

Myth #1 - I'm healthy, so I don't need an HSA.



FACT. HSAs are the perfect way to fund your health care needs - even if you don't have any needs today. If you are healthy today, take the opportunity now to build your funds for the future. The earlier you start building your HSA, the greater your balance can grow for when you need it. And if you never need your HSA for health care, you can use it for other expenses once you reach age 65 without penalty, though income taxes will generally apply.

Myth #2 - HSAs don't fit my budget.



FACT. It can be hard to balance your budget, but HSAs can actually help you stretch it. All of your personal HSA contributions are deducted pre-tax. For example, if you contribute just \$25 per bi-weekly pay period, your paycheck is only reduced about \$19 (assuming a 25% tax rate). At this rate, you would be able to put an extra \$6,500 in your HSA over 10 years, and that is not even counting potential employer contributions to your account, which is like getting free money. An extra \$6,500 for health care can really help stretch a budget!

Myth #3 - HSAs are “use it or lose it” if all account funds are not spent in the plan year.



FACT. You own and control the money in your HSA, funds never expire and they are yours to use forever! Unlike a Flexible Spending Account (FSA), any unused HSA funds in the your account at the end of the year are rolled over to the next year without limits. That means any contributions you do not use build up over time and provide greater peace of mind in the future. Moreover, HSAs are portable, meaning that if you change jobs or health plan coverage, you take your HSA with you.

Myth #4 - Once I select how much I'm willing to contribute, I can't change the amount until the next Annual Enrollment.



FACT. It can be hard to predict your financial situation even six months from now, so it's great to know that you can change your HSA contribution amount at any time during the year - up or down. You can also start or stop contributing at any time.

Myth #5 - I can't use my HSA funds to cover medical costs for spouses or dependents.



FACT. Funds can be used to cover qualified medical expenses for you, the account holder, as well as your spouse and eligible tax dependents.

Myth #6 - I won't have enough funds to cover expenses early in the plan year.



FACT. Remember, any unused funds can roll over to a new plan year! Also, if your employer offers ConnectYourCare's HSA On Demand® feature, you can access future company contributions to your HSA at any time of the year – even before they are deposited into your account. If you don't have enough money in your HSA to cover a needed health care expense, you can use money from future company deposits within the plan year, and we'll subtract the amount you used from your next company contributions.

Myth #7 - I'm already contributing to my 401(k), so I don't need to contribute to an HSA too.



FACT. One of the main draws of an HSA is that it enables individuals and families to set pre-tax dollars aside—along with any company contributions—to help pay for any out-of-pocket health plan costs. But more and more, HSAs are being recognized as a great way to save for health care costs in retirement. By contributing funds to an HSA and taking advantage of other retirement investment opportunities, individuals in their 20s, for example, could theoretically save enough to meet their retirement investment needs by the age of 65 for both lifestyle and health care expense coverage.

Myth #8 - I won't need an HSA as I get closer to age 65/Medicare eligibility.



FACT. It's never too late to open an HSA and save for the future! Take for example the HSA potential for a 55-year-old individual, who is 10 years away from Medicare eligibility. Assuming this account holder contributes \$3,000 a year to an HSA, uses \$1,500 a year in medical expenses, earns 6% a year in interest and investments, and reinvests all earnings, their HSA balance could grow to \$20,957 by the age of 65! This estimate does not include potential company contributions, which could add even more funds to the HSA balance. Further, account holders 55 and older can take advantage of "catch up" contributions - an extra \$1,000 per year is allowed, per IRS guidelines.

Myth #9 - I can only use my HSA for medical expenses.



FACT. Your HSA offers tax advantages when used for eligible health-related expenses, including medical, dental, vision and certain post-tax insurance premiums, like COBRA premiums. You can withdraw money from your HSA at any time for any purpose, however, non-eligible expenses will generally be subject to income taxes and a 20% tax penalty (for individuals who are not disabled or over age 65). If you are 65 or older at the time of withdrawal, then you may withdraw money from your HSA for any purpose without penalty, though income taxes will generally apply.

Myth #10 - HSAs are too much work for me.



FACT. Our HSAs are easy to use! You can choose to pay using your payment card, or pay using personal funds and request repayment later. Our online tools, mobile app and helpful 24-hour Customer Care Center mean you always have access to the information you need any time of the day or night.