

Health Savings Account

Education Credit Union (ECU) is pleased to offer you a Health Savings Account (HSA) in conjunction with your High Deductible Health Plan (HDHP)!

Why might an HSA be the right choice for you*?

- ◆ It can **save you money**. For individuals with few regular health expenses, paying a traditional health plan premium can feel like throwing money out the window. HDHPs come with much lower premiums than traditional health plans, meaning less money gets deducted from your paychecks. Plus, HSAs are basically “cash” accounts, so you may be able to negotiate pricing on many medical services.
- ◆ It’s **portable**. Even if you change jobs, you get to keep your HSA.
- ◆ It’s a **tax saver**. Contributions to your HSA are made with pre-tax dollars. Since your taxable income is decreased by your contributions, you pay less in taxes.
- ◆ It allows for an **improved retirement account**. Funds roll over at the end of each year and accumulate tax-free, as does the interest on the account. Also, once you reach the age of 55, you are allowed to make additional “catch-up” contributions to your HSA until age 65.
- ◆ It puts **money in your pocket!** You never lose unused HSA funds. They always roll over to the next year.

Contribution Limits

Type of Limit		2020	2021	Change
HSA Contribution Limit	- <i>Self-only</i>	\$3,550	\$3,600	Up \$50
	- <i>Family</i>	\$7,100	\$7,200	Up \$100
HSA Catch-up Contributions	<i>Age 55 or older</i>	\$1,000	\$1,000	No change

What are the advantages of opening an HSA at ECU?

- ◆ You can open your HSA at any of our five convenient locations or online
- ◆ Interest paid on balance
- ◆ No annual fees and no management fees
- ◆ Free HSA debit card ... and it is “**Instant Issue**”
- ◆ Employer payroll deduction to fund your account
- ◆ Free online account access
- ◆ Electronic or paper statements

Am I eligible to open an HSA account, if I have a written off account/loan with ECU?

You are still eligible to open a Savings and HSA with ECU. We will not actively try to collect on the prior written off account/loan if you choose to open a Savings and HSA.

When can I open an HSA account?

You can open your HSA at any time. However, you cannot make deposits to your HSA account until your HDHP goes into effect. ECU will open your HSA with a zero balance and complete a payroll deduction to start after the date the HDHP goes into effect.

Using Your HSA...

You may use funds in your HSA to pay for any “IRS- Qualified Medical Expenses” including Dental and Vision care. These expenses may include Co-Pays, Deductibles and Co-Insurance. Funds can be used for yourself or any qualifying relative as defined by the IRS and this relative does not have to be enrolled in the HDHP. The Medical Expenses must be incurred after your HSA was established and you do not have to submit receipts or show documentation of these expenses. However, it’s important that you keep sufficient records in the event you are audited by the IRS.

If you chose to Withdraw money from your HSA that is not considered eligible, the IRS could assess a 20% penalty.

For more information about HSAs, please contact your ECU Team at 806-358-7777 or Member_Services@educationcu.com.

**Please consult a tax advisor*

