

Health Savings Account Plan Example*

Individual

Mary enrolled in an HSA-compliant health plan with individual coverage for herself. She may contribute up to \$2,850 into her HSA on a pretax basis. She chooses to contribute \$2,500.

Mary's Health Plan

In-network deductible: \$2,500

Maximum out-of-pocket: \$5,000 (including deductible)

	In-network	Out-of-network
Health plan pays	80%	60%
Individual pays	20%	40%
Preventive care: 100% coverage (deductible does not apply)		
Pharmacy coverage: Subject to deductible		

Scenario

During the year, Mary has in-network health care expenses of \$1,000 that are not considered preventive care. Because her deductible is \$2,500, Mary is responsible for all of these costs. She chooses to pay only \$600 of these expenses from the balance in her HSA, because she wants to start saving for her future health care needs.

Estimated reduction in federal income tax	Amount in HSA	Amount paid from HSA	Amount paid by health plan	Remaining out of pocket expense	Amount remaining in HSA to carry-over
\$583	\$2,500	\$600	\$0	\$400	\$1,900 (plus earnings)

* This example is for illustrative purposes only. Individual situations will vary depending on the specifics of the HSA-compliant health plan and individual contributions. This example assumes a 28 percent tax bracket.

Health Savings Account Plan Example*

Family

John enrolled in an HSA-compliant plan with family coverage for himself, his wife and two children. He may contribute up to \$5,650 but he chooses to contribute \$5,000.

John's Health Plan

In-network deductible: \$5,000

Maximum out-of-pocket: \$10,000 (including deductible)

	In-network	Out-of-network
Health plan pays	80%	60%
Individual pays	20%	40%
Preventive care: 100% coverage (deductible does not apply)		
Pharmacy coverage: Subject to deductible		

Scenario

During the year, John and his family have in-network health care expenses of \$6,000 that are not considered preventive care. John chooses to pay these expenses from the balance in his HSA. Because his deductible is \$5,000, the health plan covers 80 percent of the remaining \$1,000, or \$800. This leaves \$200 (20 percent) as John's out-of-pocket expense.

Estimated reduction in federal income tax	Amount in HSA	Amount paid from HSA	Amount paid by health plan	Remaining out of pocket expense	Amount remaining in HSA to carry-over
\$1,033	\$5,000	\$5,000	\$800	\$200	\$0

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