

Health Savings Account

What are the annual IRS contribution limits?

Contributions made by all parties to an HSA cannot exceed the annual HSA limit set by the Internal Revenue Service (IRS). Anyone can contribute to your HSA, but only the account holder and employer can receive tax deductions on those contributions. Combined annual contributions for the account holder, employer, and third parties (i.e., parent, spouse, and anyone else) must not exceed these limits. *

* HSA funds contributed in excess of these limits are subject to penalty and tax unless the excess and earnings are withdrawn prior to the due date, including any extensions for filing Federal Tax returns. Account holders should consult with a qualified tax advisor in connection with excess contribution removal. The Internal Revenue Service requires Bank of Brenham to report withdrawals that are considered refunds of excess contributions. In order for the withdrawal to be accurately reported, account holders may not withdraw the excess directly. Instead, an excess contribution refund must be requested from Bank of Brenham and an Excess Contribution Removal Form completed.

2024 Annual HSA Contribution Limits:

Individual = \$4,150

Family = \$8,300

2025 Annual HSA Contribution Limits:

Individual = \$4,300

Family = \$8,550

Catch Up Contributions

Account holders who meet these qualifications are eligible to make an HSA catch-up contribution of \$1,000:

- Health Savings Account Holders
- Age 55 or Over (regardless of when in the year of an account holder turns 55)
- Not enrolled in Medicare (if an account holder enrolls in Medicare mid-year, catch-up contributions should be prorated)
- Authorized signers who are 55 or older must have their own HSA in order to make the catch-up contribution.

How can you benefit from tax savings?

1. Contributions to your HSA can be made with pre-tax dollars and any after-tax contributions that you make to your HSA are tax deductible.
2. HSA funds earn interest.
3. Distributions are free from tax when used for IRS-qualified medical expenses.

Medical expenses that are IRS qualified:

You can use your HSA funds for a wide range of IRS-qualified medical expenses for yourself, your spouse, or tax dependents. Funds used to pay for IRS-qualified medical expenses are always free. An IRS-qualified medical expense is defined as an expense that pays for healthcare services, equipment, or medications. HSA funds can be used to reimburse yourself for past medical expenses if the expense was incurred after your HSA was established. You must save your bills and receipts for tax purposes.

For a detailed information list of IRS Qualified Medical Expenses, please refer to the IRS Publication 502 titled, "Medical and Dental Expenses". Publications can be ordered directly from the IRS by calling 1-800-TAX-FORM. If tax advice is required, you should seek the services of a tax professional. It is provided to you with the understanding that Bank of Brenham is not engaged in rendering tax advice.

Insurance premiums only qualify as an IRS-qualified medical expense: while continuing coverage under COBRA; for qualified long-term care coverage; while receiving unemployment compensation; for any healthcare coverage for those over age 65 including Medicare (except Medicare supplemental coverage).



For Assistance, Please Contact Us

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* Bank of Brenham does not provide tax advice.
Consult your tax professional for tax-related questions.