The Health Savings Account (HSA)

The Strategy in 60 Seconds

One account gives you a deduction going in, tax-free growth, and tax-free withdrawals. Here is exactly how the HSA works, in sixty seconds.

$2,100

Illustration: $8,750 family contribution, 24% bracket

Medical bill stacking

- **Fund the HSA first - The expense must come after it is open**
- **Pay medical bills out of pocket - Leave the HSA dollars invested**
- **Save every receipt - And never deduct that expense elsewhere**
- **Reimburse yourself later - Qualified receipts have no expiration**

Six facts that change the plan

- No income phase-outs
- Keep it without an HDHP
- Age 55: extra $1,000
- Self-directed options exist
- Non-medical: tax plus 20%
- After 65: tax, no penalty

USED FOR MEDICAL, IT STAYS TAX-FREE

The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

26 U.S.C. Sec. 223 - Health Savings Accounts - deduction, contribution limits, and qualified distributions.

https://www.law.cornell.edu/uscode/text/26/223