Cycling in a triathlon and saving for the future both require determination and discipline that can be difficult to establish, but are rewarding when achieved.

Healthcare can be one of the largest expenses incurred for a family, and often come unexpectedly. As healthcare costs continue to rise, a Health Savings Account (HSA) can help establish the discipline needed to save, as well as provide tax benefits for doing so.

If you are covered by a high-deductible health plan (HDHP), you may be eligible for an HSA! Take advantage of these very important tax advantages:

- **All contributions you make to your HSA are tax-deductible** — regardless of your income level or whether you itemize deductions.
- **Your earnings are 100% tax-free** while they are in your HSA, which makes for faster growth than a comparable taxable investment.
- **The money you take out to pay for qualified medical expenses is completely tax-free and penalty-free!**

IMPORTANT! Tax rules can be complicated. This brochure is intended to serve as a general overview. Before making any decisions, you should speak with a qualified tax advisor.

SuttonBank®

Old-fashioned Innovation

800-422-3641

www.suttonbank.com

Member FDIC

HSA0525

Breaking Down the Benefits

HSA

Health Savings Account for High-Deductible Health Plans

Healthcare costs are increasing. Stop fighting an uphill battle.

A health savings account (HSA) is a tax-advantaged account available to taxpayers who are enrolled in a high-deductible health plan (HDHP). The funds contributed to an HSA are not subject to federal income tax. This helps individuals save for medical expenses while reducing their taxable income.

How does a High-Deductible Health Plan work?

An HDHP is often a less expensive alternative to traditional health insurance. For 2025, your minimum annual deductible is $1,650 ($1,700 for 2026) for self-only coverage and $3,300 ($3,400 for 2026) for family coverage. After you have met the deductible, the plan covers your medical expenses; however, you may have a co-pay under the plan until you pay the maximum out-of-pocket costs. After that, the plan pays 100% of your qualified expenses. If you have questions about your HDHP and its coverage and deductible limits, you should speak with your employer or benefits provider.

For 2025, your total out-of-pocket expenses (including deductibles and co-pays) cannot exceed $8,300 ($8,500 for 2026) for self-only coverage and $16,600 ($17,000 for 2026) for family coverage

Who can contribute to an HSA?

If you are covered by a high-deductible health plan, you may contribute to an HSA, if you meet the following criteria:

- You are not covered by any other health plan that is not an HDHP (except certain plans that provide specific limited types of coverage)
- You are not enrolled in Medicare
- You are not eligible to be claimed as a dependent on another person's tax return

> Building wealth is a marathon, not a sprint. Discipline is the key ingredient.
>
> **Dave Ramsey**

What are the contribution limits?

For 2025, if you have self-only HDHP coverage, the maximum you can contribute to your HSA is $4,300 ($4,400 for 2026). If you have family HDHP coverage, the most you can contribute is $8,550 ($8,750 for 2026).

- If you are age 55 or older, you can make "catch-up" contributions of an additional $1,000 each year to help you save even more money for medical expenses.
- If you have family HDHP coverage, HSA contributions can be made either to one spouse's HSA or split between both spouses' HSAs. If each spouse is age 55 or older, each spouse is eligible to make a catch-up contribution. However, if only one spouse is age 55 or older, catch-up contributions can be made only to that spouse's HSA.
- Rollovers from other HSAs are allowed and are not subject to the contribution limits.

What are qualified medical expenses?

"Qualified medical expenses" are those paid for medical care not covered by insurance and incurred *after* you open your HSA. Such expenses include medical, dental (including braces), vision, and chiropractic treatments. This even includes amounts paid for nonprescription (i.e., over-the-counter) medications, insulin, menstrual care products (e.g., tampons) and contact lenses and eyeglasses. Distributions used to pay for qualified medical expenses are tax-free and may be taken at any time. However, any portion of a distribution that is not used for a qualifying medical expense is taxable and may be subject to an additional 20% penalty tax. This penalty does not apply to distributions made after your death, while you are disabled, or after you reach age 65.

Can I name a beneficiary?

Yes. Upon your death, if your spouse is your beneficiary, your HSA becomes his or her HSA, and tax is paid only on distributions taken for non-qualifying expenses. If your beneficiary is not your spouse, your HSA terminates when you die and the assets become taxable income to your beneficiary.