

# An accountholder's guide to the health savings account (HSA)

Use this guide to understand the basics of HSAs, eligibility, contributions, and spending rules.



## Who's eligible for an HSA?

To be eligible for an [HSA](#), you must be enrolled in a qualified high deductible health plan (HDHP). You also can't be enrolled in Medicare or Tricare; be someone else's tax dependent; or have any non-permitted coverage.

### HDHPs defined

An HDHP has a higher deductible than most health plans. With this type of plan, you first pay a larger deductible before your insurance plan coverage kicks in.

Your coverage level (self-only vs. family) sets your deductible amount. A self-only plan covers just you. A family plan covers you and at least one other person. Once you pay the deductible, then the plan pays for medical care according to its terms. A qualified HDHP has the following elements:

- ✓ Minimum deductibles
- ✓ Limit on out-of-pocket expenses
- ✓ Allowance to cover preventive care

**Note:** The One Big Beautiful Bill (OBBB) Act, signed into law on July 4, 2025, treats Affordable Care Act (ACA) Marketplace Bronze and Catastrophic plans as HDHPs.





## Basic rules of HSAs

### Ownership

The money in your HSA is yours to keep. Even if your employer makes contributions to your HSA, those funds are yours. This is true even if you change employers or are no longer working.

### Investing

Once your HSA reaches a certain threshold, typically \$1,000, you can invest your HSA funds. If you invest your HSA funds, they remain in the investment account, like an IRA or 401(k). This all means that HSAs have the potential for long-term, tax-free savings.

### Withdrawals

- ✓ You can use your HSA for expenses that you incur after you've opened your HSA. You can't use any funds for medical care that you had before you opened the HSA. There is no time limit for when you actually reimburse yourself. Unlike a flexible spending account, HSA funds are not use it or lose it.
- ✓ You must keep all receipts and records. These will show that you used your HSA funds to pay for eligible medical expenses. You also want these receipts in case you are audited by the IRS.
- ✓ You decide if, when, and how much to spend from your HSA, up to your account balance. You also decide if you want to use the funds now or save them for the future.
- ✓ If you use your funds to pay for a non-eligible expense, you may be subject to income taxes. You may also have to pay a 20% tax penalty. This penalty does not apply however if you are age 65 or older or you are disabled at the time you make this withdrawal to pay for a non-eligible expense, but you would still have to pay income taxes on that amount.

## Contributions

- ✓ After the HSA is opened, you can deposit funds into the HSA any time during the year and in any amount up to the annual pretax limit, which includes any employer contribution.
- ✓ Anyone can contribute to your HSA. This includes you, your spouse, your employer, and anyone else. No matter who contributes to your HSA, you get the tax benefit for the contribution.
- ✓ You can contribute up to the tax filing deadline for the year. For most people, that is April 15 of the next year.
- ✓ Pretax contribution limits for HSAs are set by the IRS each year.
- ✓ If you have an existing HSA with another custodian, you can transfer those funds to Inspira. This does not count towards the annual limit.
- ✓ You can have one IRA trustee transfer to your HSA in your lifetime. The amount transferred cannot exceed the annual contribution limit and counts against your annual limit.

## Maximum HSA contributions for 2026

| MAXIMUM CONTRIBUTIONS         | 2026                   |
|-------------------------------|------------------------|
| Individual/self-only coverage | \$4,400                |
| Catch-up contribution         | +\$1,000 for those 55+ |
| Family coverage               | \$8,750                |

### A note on family contribution limits

If you are married and either you or your spouse has a family HDHP, each of you can have an HSA. But, in total, you can only contribute up to the family coverage limit. You can't each contribute up to the family limit.

- ✓ If you each have a self-only plan, then you can each contribute up to the self-only limit to your respective HSA.
- ✓ If you have a family plan with a deductible for each person you can still contribute only up to the family limit.





## How to spend your HSA funds

You can use your HSA to pay for eligible medical expenses and services; you can view Inspira's list of eligible expenses [here](#). The eligible medical expenses can be for you, your spouse, or your tax dependents. This is true even if you have a self-only HDHP.

### Here are some other ways you can use your HSA funds:

- ✓ To reimburse yourself when you use your HSA funds to pay for eligible expenses out-of-pocket — this includes what you pay for deductibles, co-insurance, and copays.
- ✓ To pay for eligible expenses incurred on or after the effective date of the HSA.
- ✓ To pay for Medicare premiums and other health insurance if age 65 and older, not including Medicare Supplemental policies — you can use your HSA for expenses incurred on or after the effective date of the HSA.
- ✓ To pay for a non-qualified medical expense; however, you will be subject to income taxes on that amount — you may also have to pay a 20% tax penalty
- ✓ To pay for some insurance premiums — long-term care insurance, COBRA health care continuation, health care coverage while receiving unemployment benefit.

If you are age 65 or older or disabled at the time you use your HSA funds for a non-qualified medical expense — you will not have to pay the 20% penalty. You would still have to pay income taxes on this amount.



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