



## First State Bank's Health Savings Account

If you have a high-deductible health plan, a First State Bank Health Savings Account (HSA) may be the perfect option to help you save for planned and emergency medical expenses. Our HSA accounts come with many benefits and features, and contributions can be made by you or your employer.

- ✓ No annual administration fee
- ✓ Low opening deposit – only \$25
- ✓ First 20 checks free
- ✓ No fee Visa Check Card
- ✓ Earns a higher rate of interest
- ✓ Monthly service fee of \$2.49 can be waived with electronic statements or if the balance exceeds \$5,000
- ✓ Free Digital Banking access
- ✓ 24-hour Hometown Phone Connection



## The money you take from your HSA to pay for or be reimbursed for qualified medical expenses is tax free.

If you take money before you're 65 from your HSA for non-medical costs, or medical costs that don't qualify, you'll have to pay the federal income tax and a 20% tax penalty.

If you take funds from your HSA after you're 65 for non-medical costs, you won't have to pay the 20% tax penalty, but you'll still have to pay the federal income tax on that amount.

Also, you must stop contributing to your HSA when you enroll in any part of Medicare. But, you may withdraw money from your HSA at any time to help pay for qualified medical expenses that Medicare or Medicare Supplement Insurance (Medigap) doesn't cover.

### First State Bank Locations

**Middlebury**  
111 S Main St., Middlebury, IN 46540

**Goshen**  
201 N Main Street, Goshen, IN 46526

**Greencroft**  
1820 Greencroft Blvd., Goshen, IN 46526

**Riverwalk**  
200 NIBCO Pkwy., Elkhart, IN 46516

**Cobblestone**  
1515 Cobblestone Blvd., Elkhart, IN 46514

**South Bend**  
1015 South Bend Ave., South Bend, IN 46617



**Save for your  
healthcare needs  
with a Health Savings  
Account**



# What is a Health Savings Account (HSA)?

An HSA is a personal savings account that can be used to pay for medical, dental, vision and other qualified expenses now or later in life. To contribute to an HSA you must be enrolled in a qualified high-deductible health plan. Your contributions are tax deductible but are limited annually. If your employer offers payroll deduction, you'll see immediate tax savings on your contributions.

You can use the money tax-free to pay for eligible expenses such as:

- ✓ Copays & Deductibles

✓ Prescriptions

✓ Dental Care

✓ Contacts & Eyeglasses

✓ Medicare Premiums
- ✓ Hearing Aids

✓ Laser Eye Surgery

✓ Orthodontia

✓ Chiropractic Care

✓ Cobra premiums

## No more "use it or lose it"

Since it is a savings account, you are encouraged to save more than you spend. Unlike Flexible Spending Account (FSA) funds which are "use-it-or-lose-it," your HSA balance rolls over from year-to-year and earns interest along the way. The account is portable, which means that if you ever leave your employer, you can take the HSA with you. It's your money and your account.

# HSAs offer a triple tax advantage

## 1. CONTRIBUTE TAX-FREE

If your employer offers payroll deduction through a Cafeteria Plan, you may make contributions to your HSA on a pre-tax basis or you can contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

## 2. SPEND TAX-FREE

Eligible medical purchases can be made tax-free when you use your First State Bank HSA Debit Card or Online Bill Pay. You can also pay out-of-pocket for eligible medical expenses and then reimburse yourself from your HSA.

## 3. EARN TAX-FREE

Unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses. You can also invest HSA dollars and interest earned is also tax free.

## When do you pay taxes on your Health Savings Account?

The only time you may pay taxes or penalties on your HSA funds is if you make a non-eligible purchase, or if you contribute more than the yearly maximum contribution limit. However, both circumstances can be corrected free of tax penalties by April 15th of the following calendar year.

# How do HSA contributions and withdrawals work?

You can only contribute to your HSA when you're enrolled in an HSA-eligible plan with no other coverage that would disqualify you. Anyone can contribute to your HSA, like household members, friends, and employers. The table below shows the maximum amounts you can put into an HSA in 2023 and 2024. These limits may depend on the type of coverage you have (self-only or family), your age, and when you qualified for an HSA.

If you're 55 or older, you can contribute an extra \$1,000 to your HSA each year. This is called a "catch-up" contribution. If your spouse is also 55 or older, they can make a catch-up contribution to their own account, if they're eligible, but not to yours.

## Limits on HSA contributions in 2023 and 2024

	2023	
	Self-Only Coverage	Family Coverage
HSA contributions limits per year	\$3,850	\$7,750
HSA "Catch-up" contributions per year (55 or older)	\$1,000	

	2024	
	Self-Only Coverage	Family Coverage
HSA contributions limits per year	\$4,150	\$8,300
HSA "Catch-up" contributions per year (55 or older)	\$1,000	