Family (one year)*

Health Savings Account Plan Example

John enrolled in an HSA-compliant plan with family coverage for himself, his wife and two children. He may contribute up to \$5,950 but he chooses to contribute \$5,000.

John's Health Plan

In-network deductible: \$5,000

Maximum out-of-pocket: \$10,000 (including deductible)

	In-network	Out-of-network			
Health plan pays	80%	60%			
Employee pays	20%	40%			
Proventive care: 100% coverage (deductible does not apply)					

Preventive care: 100% coverage (deductible does not apply)

Pharmacy coverage: Subject to deductible

Scenario

During the year, John and his family have in-network health care expenses of \$6,000 that are not considered preventive care. John chooses to pay these expenses from the balance in his HSA. Because his deductible is \$5,000, the health plan covers 80 percent of the remaining \$1,000, or \$800. This leaves \$200 (20 percent) as John's out-of-pocket expense.

Estimated reduction in federal income tax	Amount in HSA	Amount paid from HSA	Amount paid by health plan	Remaining out of pocket expense	Amount remaining in HSA to carry-over
\$1,250	\$5,000	\$5,000	\$800	\$200	\$0

^{*} This example is for illustrative purposes only. Individual situations will vary depending on the specifics of the HSAcompliant health plan and individual and employer contributions. This example assumes a 25 percent tax bracket.

Family (one year)

Long-Term Growth Potential Example

A 40-year-old with family coverage makes monthly contributions to an HSA and does not make withdrawals until age 65. These examples show the long-term growth potential using three different annual contribution scenarios: \$2,500, \$5,000 or \$5,950.

Total annual contributions	\$2,500	\$5,000	\$5,950	
Annual tax savings at 30%	(\$750)	(\$1,500)	(\$1,785)	
Net annual investment	\$1,750	\$3,500	\$4,165	
Total tax savings at age 65	\$18,750	\$37,500	\$44,625	
5% growth — at age 65*	\$120,065	\$248,129	\$295,274	
10% growth — at age 65	\$276,424	\$552,847	\$657,888	

^{*} Growth computations assume total annual contribution is invested on a prorated basis each month.

see reverse side for a Health Savings Account Plan Example

Consumer-directed health care

