## 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 | $20 \%$ | $40 \%$ |
| 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 <br> reduction <br> in federal <br> income tax | Amount in <br> HSA | Amount paid <br> from HSA | Amount <br> paid by <br> health plan | Remaining <br> out of <br> pocket <br> expense | Amount <br> remaining <br> in HSA to <br> carry-over |
| :---: | :---: | :---: | :---: | :---: | :---: |
| $\$ 1,250$ | $\$ 5,000$ | $\$ 5,000$ | $\$ 800$ | $\$ 200$ | $\$ 0$ |

[^0]
## 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 $\mathbf{3 0 \%}$ | $(\$ 750)$ | $(\$ 1,500)$ | $(\$ 1,785)$ |
| 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* | $\$ 120,065$ | $\$ 248,129$ | $\$ 295,274$ |
| $\mathbf{1 0 \%}$ 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


[^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.

