

Tax advantages of HSAs

Health Savings Accounts (HSA) have several money saving advantages.

- Earnings
 - HSAs grow in the same tax-deferred manner as IRAs
 - Interest and investment income are also tax-free or tax-deferred
- Distributions
 - Withdrawals for qualified medical expenses are always tax-free. After age 65, funds may be withdrawn for any reason without penalty, subject to regular income tax.

An example of how HSAs create tax savings

Contribution	\$3,000 per year for 25 yrs
Annual medical expenses	\$500 per year
Tax bracket	28% (federal) 5% (state)
Average interest rate	4%
Tax savings on contributions = \$20,625.00 Tax savings on deferred growth = \$13,732.87 Account balance at the end of 25 years = \$104,114.77	

Source: HSA Bank www.hsabank.com