State Bank of Herscher

Health Savings Accounts (HSA)

Congratulations! You work for an employer that offers an HSA. This type of account is available to you if you choose a High-Deductible Healthcare Plan (HDHP) so that you can designate funds for medical expenses.

THESE ACCOUNTS ARE OWNED BY YOU FOREVER. Even if you leave your current employer, this account is owned by you, and you can keep the funds in the account. If you no longer have a high-deductible plan you will not be able to contribute, but you can make withdrawals whenever you have medical expenses. Just keep receipts for your taxes.

CONTRIBUTIONS TO HSA's ARE TAX DEDUCTIBLE. If you earn $40,000 a year and put $2,000 into your HSA, you will only pay income tax on $38,000. In addition, the interest earned in the account is tax-free when used for qualified medical expenses. The biggest advantage to these accounts is the tax savings.

HOW TO OPEN AN HSA:

1. You will need to open an account at a bank that offers HSAs. Bring a current driver's license or state ID, know your social security number, and bring an opening deposit or open the account within two weeks before your employer makes the first payroll deposit.
2. Provide your new account and routing number to the person who does payroll for your employer. Please make sure that you know if your new account is a checking account or a savings account.
3. Your employer may offer an additional deposit into your account as an added benefit to selecting an HSA. Talk with your employer and be sure to complete all paperwork and provide your account information to them. If you skip this step, you are leaving money on the table!

Please note that opening account requirements do vary at different institutions as do interest rates. **For information on accounts at State Bank of Herscher, please contact Laurie Burkhalter at 815-421-4803 or Corinn Wheeler at 815-421-4804.**