

Questions about an HSA?

We've got answers.

To help you better understand a health savings account (HSA), we've gathered some of the most frequently asked questions and answers here.

What is an HSA?

An HSA is a tax-advantaged* personal savings account designed to complement a qualified high-deductible health plan (HDHP). You can use an HSA to pay for medical, prescription drug, dental, vision and other qualified expenses now or later in life. The funds can even be invested, making it a great addition to your retirement portfolio.

What is a qualified HDHP?

In 2026, a qualified HDHP is a health plan with deductible amounts that are greater than \$1,700 for individual or \$3,400 for family coverage, and has an out-of-pocket maximum that does not exceed \$8,500 for individual or \$17,000 for family coverage.

What are the tax advantages of an HSA?

Funds contributed to an HSA are triple-tax-advantaged.*

1. Money goes in tax free. Most employers offer payroll deduction, allowing you to make contributions to your HSA on a pre-tax basis. The contribution is deposited into your HSA before taxes are applied to your paycheck, making your savings immediate. You can also contribute to your HSA after tax and get the same tax savings by claiming the deduction when filing your annual taxes.

2. Money comes out tax free. Whether you use your HSA Bank debit card to pay qualified medical expenses, pay the provider through online account or pay out of pocket and reimburse yourself, those distributions are not taxable.

3. Funds earn interest, tax free. The interest on HSA funds grows on a tax free basis.

Estimated tax savings

\$3,500 annual HSA contribution			
Federal tax rate	State tax rate	Payroll taxes	Estimated annual savings
12%	5%	7.7%	\$840
22%	5%	7.7%	\$1,190
24%	5%	7.7%	\$1,260
32%	5%	7.7%	\$1,540

The above chart is for illustrative purposes only. Individual results will vary.

What happens if I leave my employer?

The HSA is an individually owned account and will go with you if you leave your employer.

What expenses are eligible for reimbursement?

You can use your HSA to pay for eligible health care expenses, such as:

- Copays
- Deductibles
- Coinsurance
- Vision
- Dental
- Certain medical supplies

For a complete list of eligible expenses, go to Cigna.com/expenses.

Can I change my contributions to my HSA during the year?

Yes. Contact your employer to make changes.

Am I eligible to participate?

To contribute to an HSA, you must be:

- Enrolled in a qualified HDHP

In addition, you must not be:

- Covered under a secondary health plan that is not a qualified HDHP, including a full purpose flexible spending account (FSA) through your employer or spouse
- Enrolled in Medicare
- Another person's tax dependent

How much can I contribute to my HSA?

Contributions can be made by the eligible employee, their employer or any other individual. Annual contributions from all sources may not exceed \$4,400 for individuals or \$8,750 for families in 2026. Individuals age 55 and over may make up to an additional \$1,000 catch-up contribution annually.

Do I have to spend all my contributions by the end of the plan year?

No. Unlike an FSA, unused money in your HSA is always yours to keep, and it continues to grow tax free.

What happens to the money in my HSA if I no longer have HDHP coverage?

If you no longer qualify for an HSA, your HSA is yours to keep. However, you cannot continue contributing to it without an underlying HDHP.

Is tax reporting required for an HSA?

Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. You do not have to itemize to complete this form.

Can I withdraw the money for non-health care purchases?

Yes. If you withdraw the money for a non-qualified expense prior to age 65, you'll be subject to your ordinary income tax, in addition to a 20% tax penalty.

You can withdraw the money for any reason without penalty after age 65, but are subject to applicable income taxes if you use your HSA funds for non-qualified expenses.

Can I invest my HSA funds?

Yes. You can choose from three of the following investment options:

Choice: This option offers a simplified brokerage experience with a large range of stocks, mutual funds, exchange-traded funds (ETFs) and more. This option is ideal if you're an experienced investor who may not need guidance from a professional.

Select: Get a recommended list of mutual funds, specific to your unique risk tolerance and investment objectives. All funds are selected by an SEC-registered investment advisor (RIA), organized by asset class, and aligned to your investment profile. This option gives you guidance and the opportunity to make the final decision about your investments and allocations.

Managed: Get an even higher level of personalization, where the RIA actively manages the investments on your behalf. This option lets you go beyond the tailored guidance in the Select option and have your investments completely managed by an RIA.

Can I transfer funds between the cash and investment accounts?

Yes. You can transfer money between your HSA cash and HSA investment accounts at any time. Only the funds in your HSA cash account can be used to pay for your health care expenses.



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* HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. Contact your personal tax advisor or HR benefit manager for details of your specific location.

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