

Health Savings Account (HSA)

Typical Savings Example

Below is a typical annual savings example for a family of four living in a metropolitan area. The parents are in their early forties and their marginal federal tax rate is 28%. The annual insured medical expenses are \$1500 and were incurred as follows: family member 1 -- \$1000, 2 -- \$400, 3 -- \$100, 4 -- \$0. The family also incurred \$550 in non-insured expenses for dental care, contacts and eyeglasses.

	Plan A (without HSA)	Plan B (with HSA)
	Deductible: \$1,000 Coinsurance: 80/20	Deductible \$5,100 Coinsurance: 100%
A. Estimated Annual Covered Medical Expenses¹	\$1,500	\$1,500
B. Estimated Annual Non-Covered Health Expenses (dental, contacts, eyeglasses, etc.)	\$550	\$550
Expense Calculation		
C. Annual Premium	\$7,115	\$3,100
D. Out-of-Pocket Costs Subject to Deductible	+ \$1,500	+ \$0 ²
E. Out-of-Pocket Costs Subject to Coinsurance	+ \$0	+ \$0 ²
F. Out-of-Pocket Costs for Non-covered Health Expenses (dental, contacts, eyeglasses, etc.)	+ \$550	+ \$0 ²
G. Annual HSA Contribution	\$0	+ \$5,100
H. Total Annual Expenses (C+D+E+F+G)	\$9,165	\$8,200
Savings Calculation		
I. Current Yr Tax Reduction Due to HSA Contribution	N/A	\$5,100
Tax Rate		x .28
Tax Savings		- \$1,428
J. Remaining Current Year HSA Contributions (G-(A+B))	N/A	- \$3,050
K. Total Annual Savings (I+J)	N/A	\$3,722
L. Net Savings with HSA Plan (H-K)	N/A	\$5,443

¹ All medical expenses are assumed to be within reasonable and customary guidelines and covered by the terms and conditions of the plan.

² If amount exceeds HSA contribution, enter the additional out-of-pocket costs. If the amount is less than your HSA contribution, enter \$0. On line J, reduce the HSA account by the amount withdrawn to cover expenses.