Health Savings Account (HSA)

If you enroll in the HDHP, you may be eligible to open an HSA. An HSA is a tax-free savings account you can use to pay for eligible health expenses anytime, even in retirement.

How does an HSA work?

Build tax-free savings. You can make before-tax deductions from your paycheck into your HSA, allowing you to save money by using pre-tax dollars to pay for eligible medical and Rx, dental, and vision expenses. The total amount that can be contributed to your HSA each year is limited by the IRS. The following are the IRS limits for 2025:

- Up to $4,300 for employee-only coverage.
- Up to $8,550 if you cover dependents.
- Add $1,000 to these limits if you're age 55 or older.
- *These are 2025 limits. The limits for 2026 had not been released at the time this guide was printed.*

Keep your money. Unlike an FSA, the money in your HSA is always yours to keep and can be rolled over from year to year. You can take your unused balance with you when you retire or leave ADM CSD.

Use it like a bank account. Pay for eligible expenses for yourself and your family and then reimburse yourself for payments you've made (up to the available account balance). Remember, you may only access money that is in your HSA when making a purchase or withdrawal. Be sure to keep receipts for your records.

Earn interest and invest for the future. Once your interest-bearing HSA reaches a minimum balance, you may be able to invest in a variety of no-load mutual funds like 401(k) investments. You can learn more at www.baseonline.com or call 1-888-227-3105.

Never pay taxes. Contributions are made on a before-tax basis, and your withdrawals will never be subject to federal income taxes when used for eligible expenses. Any interest or earnings on your HSA balance build tax-free, too.*

** Money in an HSA grows tax-free and can be withdrawn tax-free if it is used to pay for qualified health care expenses (for a list of eligible expenses, see IRS Publication 502, available at www.irs.gov). If money is used for ineligible expenses, you will pay ordinary income tax on the amount withdrawn plus a 20% penalty tax before age 65. After age 65, withdrawals for ineligible expenses are not penalized. Please review your state regulations as you may have to pay state taxes depending on your residency.*

HSA eligibility

To establish and contribute to an HSA, you:

- Must be enrolled in a high deductible health plan, like ADM CSD's HDHP 2500.
- Cannot be covered by any other medical plan that is not a qualified high deductible plan. This includes a spouse's medical coverage unless it's an HSA-qualified plan.
- Cannot be enrolled in a traditional health care FSA in 2025-2026.
- Cannot be enrolled in Medicare, including Parts A or B, Medicaid, or TRICARE.
- Cannot be claimed as a dependent on another person's tax return.
- FSA Funds are ineligible to roll over to an HSA.