



HSA



Employer Health Savings Account (HSA)

Employer Health Savings Accounts

An HSA completes your health benefits package.

An HSA on top of a qualified high deductible health plan (QHDHP) benefits you and your employees.

Combining an QHDHP with an HSA plan allows your business to save money while your employees save for their future medical expenses:

- The contributions you make into your employees HSA are deductible on your business federal income tax return.
- QHDHP participants usually pay lower health insurance premiums.
- Your business spends less on health insurance coverage.
- Contributions into an HSA do not pay FICA, Social Security or Medicare taxes, which is 7.65% in 2025/2026 up to a wage cap of \$184,500 in 2026 (\$176,100 in 2025). This tax savings holds true for both the employee and employer.

What are health savings accounts (HSA)?

An HSA is to healthcare like a 401(k) plan is to retirement. A great vehicle to reduce taxes, only unlike 401(k), Traditional IRA and Roth plans, HSAs offer triple tax advantage:

1. Pre-tax or tax-deductible contributions
2. Tax-free interest or investment income/earnings
3. Tax-free distributions, when used for qualified medical expenses

Employees are eligible to contribute to an HSA when they are covered by certain qualified high deductible health plans.

An HSA allows you to put money away and withdraw it tax-free, if you use it for qualified medical expenses, such as deductibles, copayments, coinsurance, and more. This includes expenses for the employee and his or her spouse and tax dependents. Or, if the employee

reaches age 65, non-qualified medical expenses can be taken penalty free, but will be subject to ordinary income tax.

One HSA... Two Ways to Save

1. Bank Account
 - Place for new contributions
 - FDIC protected cash account paying interest
 - Easy way to pay for qualified medical expenses: Debit card, online bill pay, check reimbursement
2. An Investment Account
 - Potential for long-term growth
 - Multiple mutual funds in diversified asset classes

Portability

HSAs are also portable. This means that employees keep their HSAs when they change employers or stop working. Unlike an FSA, there is no “use-it-or-lose-it” rule with HSAs. Unused contributions remain in the account each year, earning tax-free interest. If the employee invests in HSA funds, those funds remain in the investment account, very similar to an IRA or 401(k).

Requirement to Contribute to an HSA

To be eligible for an HSA, employees must participate in a qualified high deductible health plan (QHDHP). The good news is, if you offer a QHDHP to your employees, your business is already eligible to establish an HSA. If this is not the case, you would need to consult your health care insurance provider to inquire if a QHDHP is appropriate for your situation.

Encouraging Health Savings

By offering an HSA-qualified health plan, you enable employees to make savvy financial decisions and save for future healthcare expenses. Every time your employees use their employer sponsored HSA plan, they are reminded of who provided them the thoughtful benefit that helps them save money today, and for the future.

Employer Health Savings Accounts FAQ

What is a health savings account?

A health savings account (HSA) offers your employees a tax-advantaged way to save and pay for qualified out-of-pocket healthcare expenses. The employee must be covered by a high-deductible health plan to be able to take advantage of an HSA.

What is a qualified high deductible health plan?

A qualified high deductible health plan is health insurance with deductible amounts that are greater than standard insurance plans. The monthly premiums for this type of health insurance are typically less expensive because employees agree to take on more of the upfront cost of medical care. For 2026, these deductibles are at least \$1,700 for individual or \$3,400 for family coverage. For additional clarification please check with your health care provider.

Does an employer have to make contributions to an employee's HSA?

No. Employers are under no obligation to make any contributions to their employees' HSAs. Many employers find that contributing to employees' HSA accounts may help improve adoption of QHDHPs and HSAs, especially if they are transitioning from a more traditional type of health coverage.

May an employer fully fund the employee's HSA at the beginning of the year?

Yes. An employer may fully fund the employee's HSA at the beginning of the year; however HSAs belong to the individual and not the employer and the employer has no further control over the accounts after they have been funded. As a result, many employers elect to fund employees HSAs periodically throughout the year.

Are an employer's contributions to an HSA treated as a deductible healthcare expenses?

The tax treatment of employer HSA contributions depends on how the business is incorporated. For sole proprietors, partnerships, and S-corporations, contributions to a partner's HSA will be treated as a distribution to the partner and included in the partner's income which may be deductible by the partner but not

Providing employer contributions to help fund employees' HSAs accounts lead to higher engagement and greater plan satisfaction.

We would be happy to answer your HSA questions. Please call: 1-888-333-8569

by the business (see IRS Notice 2005-8 for treatment of HSA contributions in exchange for guaranteed payments of services rendered for partners and two-percent shareholder employees of S-corporations). For larger corporations, employer contributions are treated as employer-provided coverage for medical expenses under an accident or health plan.

Can employers make pre-tax contributions to their employees' HSAs?

Yes. Employers may make pre-tax contributions to their employee's HSAs if they have a cafeteria plan in place that provides for HSA contributions. These contributions are not subject to withholding from wages for income tax or subject to FICA, FUTA or the Railroad Retirement Act.

May employers make matching contributions?

Yes. You can contribute to your employees' HSAs. Plus, you save on payroll and FICA taxes through tax-deductible contributions. Keep in mind, total combined employer and employee contributions to an employee's HSA can't exceed the annual limit set by the IRS.

INVESTMENTS IN SECURITIES ARE: NOT FDIC INSURED · NOT BANK GUARANTEED · MAY LOSE VALUE

HSA deposit products offered by UMB Bank, n.a. Member FDIC.

The mutual funds in the Saturna Capital Corporation HSA mirror the mutual funds selected by your employer as the plan sponsor of your 401(k) plan. UMB Bank, n.a., a wholly owned subsidiary of UMB Financial Corporation, is the Saturna Capital Corporation HSA custodian. Saturna Trust Company, in its capacity of sub-custodian to the Saturna Capital Corporation HSA, provides mutual fund settlement, custodial, and recordkeeping services to the Saturna Capital Corporation HSA.

The mutual funds in the Saturna Capital Corporation HSA are not FDIC insured, and are not an obligation of, or guaranteed by, UMB Bank, n.a. or Saturna Trust Company. Mutual funds may fluctuate in value and involve investment risk including the possible loss of principal. There can be no guarantee about the attainment of any particular investment goals, investment performance, or investment objectives.

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1-888-333-8569

hsa@saturna.com

www.saturna.com/services/hsa