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HSA Facts and Myths

Health savings accounts (HSAs) offer individuals a tax-friendly way to set money aside for medical expenses. HSAs have many advantages but are also widely misunderstood. The following are some common myths and facts about HSAs:

- **Myth:** "If I don't use the money, I lose it."
Reality: Any unused HSA funds typically roll over from year to year.
- **Myth:** "I can only use HSA funds for myself."
Reality: You can use your HSA to pay for qualified medical expenses for your spouse or dependents.
- **Myth:** "HSAs are only helpful if I have a lot of medical expenses."
Reality: Even if you're healthy and rarely go to the doctor, your HSA is still a smart savings tool. You can let the money grow, invest it or use it later in life when medical needs change.

Check with your employer to learn more about HSA offerings.

Dependent Care Assistance Programs

A dependent care assistance program (DCAP) is a benefit your employer may offer to help you cover the cost of care for your dependents while you work. You typically contribute to the account through payroll deductions, and the money can be used to reimburse you for qualifying expenses.

To qualify for reimbursement, the expense must be related to care that allows you to work or look for work. You can only be reimbursed after the care has been provided. Eligible expenses may include the following:

- Preschool, nursery school or similar programs
- Day camps, including specialty camps
- Transportation to and from the place of care
- Employment taxes paid to a caregiver
- Application or agency fees related to finding care
- Care for children before or after school

Contact your HR representative to learn more about available dependent care benefits.

Health Literacy Levels

The National Assessment of Adult Literacy (NAAL) reports that many adults have difficulty understanding drug labels, following prescription instructions or identifying credible health care resources. The NAAL categorizes individuals into four levels of health literacy:

1. **Proficient**—People in this category can understand detailed written materials, synthesize information and make complex inferences.
2. **Intermediate**—Individuals at this level can read and understand moderately complex health care documents, extract relevant information and draw reasonable conclusions. They can also generally navigate the health care environment.
3. **Basic**—Those at this level can handle simple, everyday literacy tasks like reading, understanding and using information from short health articles. These individuals may struggle with more complex concepts and treatment plans.
4. **Below basic**—Individuals at this level may be nonliterate or may be able to locate information in documents like hospital forms and medical pamphlets.