

Expensing My Sanity: How I Navigated Insurance & HSAs for Mindfulness as a Canadian Freelancer

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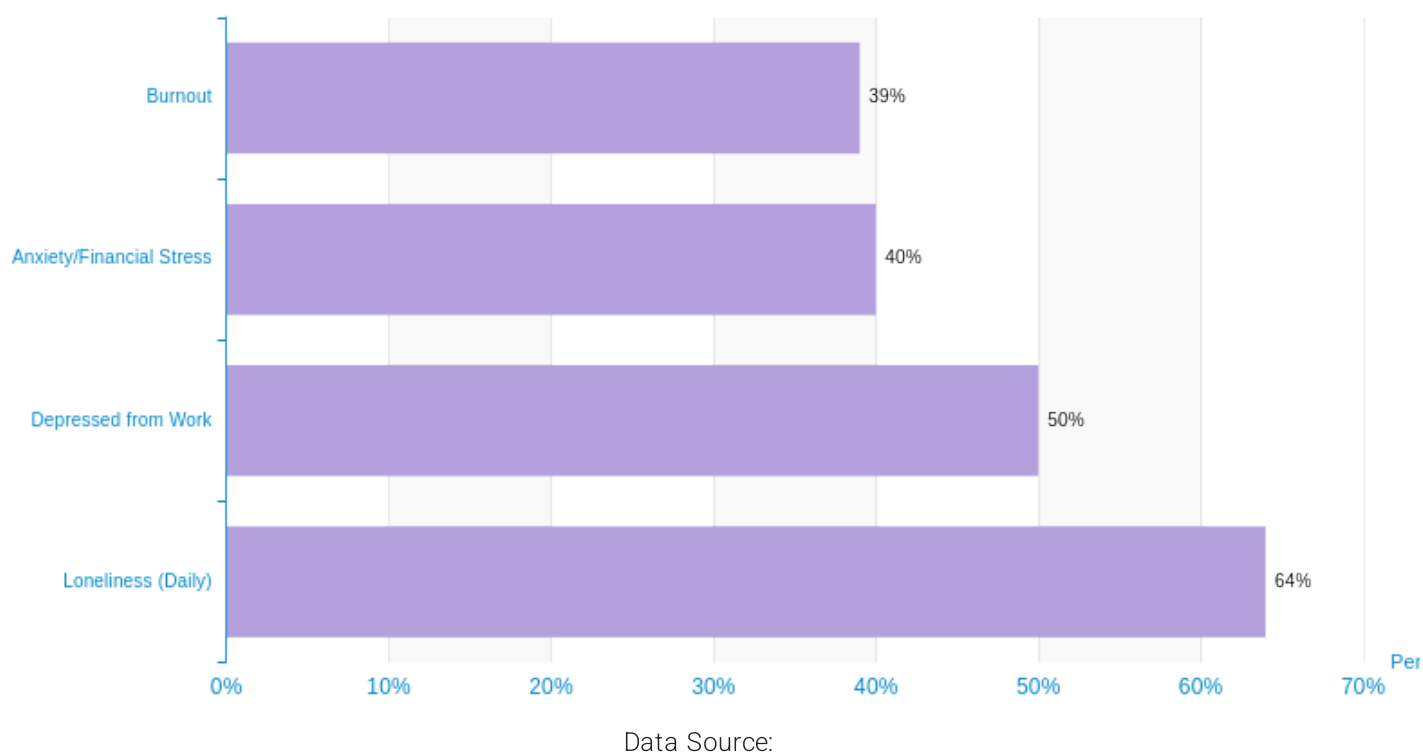
▾ The Wake-Up Call: Why I Had to Figure Out Health Insurance

Let me start by sharing a personal story. I was a new freelancer, juggling projects and deadlines, when a minor health scare made me realize something important: I had no health insurance. I was **financially anxious** about the idea of a medical bill or a mental health issue derailing my business. It hit me – I was my own boss, but I had no safety net. I started noticing that my workload was taking a toll on my mental health. Long hours, isolation, and financial uncertainty were causing stress and even moments of overwhelm. I realized I wasn't taking care of myself like I should, partly because I was putting off dealing with health costs. That's when I decided to take control of my health coverage. It was a wake-up call: as a solopreneur, **mental health is just as important as my business finances**, and I needed to protect both.

Many freelancers face similar struggles. Income instability is a top stressor – one UK survey found that nearly **64% of freelancers feel lonely daily**, and a majority report feeling depressed due to their work situation. The chart below illustrates the prevalence of various mental health issues among freelancers, highlighting the critical need for support and insurance coverage.

Mental Health Challenges Among Freelancers

Prevalence of key issues based on a UK survey



On top of that, freelancers often face irregular cash flow and **late payments** – about 71% reported late payments from clients in 2024 . This financial precarity can amplify anxiety. Many Canadians working in non-traditional roles have also struggled with mental health during and after the pandemic. In fact, **less than half (45.7%) of working adults reported high self-rated mental health during the COVID-19 pandemic** , and burnout is widespread – **24% of working Canadians report burnout “most of the time” or “always,” up from 21% last year** . These statistics underscore why having a plan for both physical and mental health is crucial for anyone in independent work.

So, I dove into researching health insurance options for self-employed Canadians. What I found was a mix of challenges and opportunities. In this newsletter, I'll share my journey – how I navigated traditional health insurance plans versus Health Spending Accounts (HSAs) – and explain why an HSA might be a smarter choice for solopreneurs, especially when it comes to wellness and mental health. I'll break it down in plain language, and yes, there will be some tax tips too! Let's start by exploring the options available to self-employed individuals like us.

📉 Exploring Health Insurance Options for Solopreneurs

As a sole proprietor, I didn't have employer-provided benefits, so I needed to **buy insurance on my own**. My first thought was to check the **Health Insurance Marketplace** (like HealthCare.gov in the US, but here it's provincially administered). The Marketplace offers individual health plans under the Affordable Care Act (ACA), which guarantee coverage regardless of pre-existing conditions. However, I quickly realized these plans can be expensive. For example, for a 45-year-old nonsmoker in Ontario, an ACA-compliant individual plan might cost around **\$155 CAD per month** on average . That's about \$1,860 per year. For a freelancer, that's a significant monthly expense. Also, these plans come with deductibles and co-pays – I'd

have to pay a chunk out of pocket before insurance kicks in. I wanted more comprehensive coverage without the high premiums, so I looked into other alternatives.

One option is a **private health and dental insurance plan**. Companies like Manulife, Sun Life, Canada Life, and GreenShield Canada offer plans for individuals or small groups. These plans often cover prescriptions, dental care, vision, and paramedical services (like physiotherapy, chiropractic, massage, etc.). The advantage is they can be more tailored – you can choose which benefits to include and often have lower premiums than ACA plans. For instance, **GreenShield's ZONE 2 Primary plan for a 45-year-old non-smoker** in Ontario costs about **\$70 CAD per month**. That's about half the cost of an ACA plan, which is a big saving. However, private plans usually require medical underwriting (meaning you answer health questions and may pay more if you have health issues). They also have limits and waiting periods for certain benefits. For example, some plans might only cover mental health after a year, or exclude coverage for cosmetic treatments. And if I wanted coverage for **wellness or mindfulness programs**, I'd need to check if those services are included – most standard plans don't cover general wellness.

Another route is to join a **healthcare sharing ministry**, like Impact Health Sharing. These are not technically insurance, but groups of people pooling money to cover each other's medical expenses. They're usually cheaper than insurance, but they're not regulated like insurance and might not cover pre-existing conditions. They also have limits on certain treatments. For someone like me with no health issues, a sharing plan could be an option, but I wanted the security of a regulated plan that guarantees coverage for my family. Plus, sharing ministries aren't common in Canada, so I stuck with traditional insurance for now.

What about **government plans**? Well, in Canada, our provincial health plans (like OHIP in Ontario) cover basic hospital and doctor visits, but they don't cover most dental, vision, or prescription drugs. So, even if I had an OHIP card, I'd still need additional coverage for those. Also, many provincial programs only cover kids up to age 24 or certain low-income individuals for some benefits – adults typically have to pay out of pocket for things like therapy or physiotherapy. For example, Ontario's OHIP covers a limited number of eye exams and dental cleanings for children, but adults must get their own coverage. So, relying solely on the government wasn't enough for me. I needed a **private plan or HSA** to fill those gaps.

After researching, I realized that for someone like me – healthy, no dependents – a **high-deductible health plan (HDHP) with a Health Spending Account** might be the best of both worlds. Let me explain what an HSA is and how it works.

📌 The HSA Advantage: Tax-Free Wellness Benefits

A **Health Spending Account (HSA)** is a tax-advantaged account that can be set up by a business (in my case, my sole proprietorship) to reimburse myself for eligible medical expenses. Unlike a traditional health insurance plan, where I pay premiums and the insurance company pays claims, an HSA is **funded by my business** and allows me to pay for medical expenses upfront and then get reimbursed tax-free

from the HSA. The business can deduct the contributions to the HSA as a business expense, and any reimbursements to me are not taxable income.

One of the biggest perks of an HSA is the **triple tax advantage**: contributions to the HSA are tax-deductible, the funds grow tax-free, and withdrawals for eligible medical expenses are tax-free. This means if I contribute \$1,000 to my HSA, that \$1,000 effectively comes out of my business income **before tax**, so I save tax on that \$1,000. Then, if I use that \$1,000 to pay for health expenses (like therapy or a gym membership for my mental health), I don't pay any tax on the withdrawal. That's a huge benefit – essentially **free money** for health costs. For example, if I'm in a 30% tax bracket, contributing \$1,000 to my HSA could save me \$300 in taxes (since I'm reducing my taxable income by \$1,000) and then I can use that \$1,000 tax-free for healthcare. That's a 30% return on my health investment right there!

Another advantage is **flexibility**. With an HSA, I'm not locked into a specific insurance plan. I can choose my own healthcare providers and services. If I find a great therapist or a meditation class that helps my mental health, I can use HSA funds to pay for it (as long as it's an eligible expense, which I'll explain next). With a traditional insurance plan, I might be limited to certain providers or services if they aren't covered. The HSA gives me the freedom to invest in **mindfulness and wellness programs** that work for me, knowing I can get some of that money back through the tax deduction and tax-free reimbursements.

Also, HSAs are **portable**. If I ever go back to a traditional job or change my business structure, the HSA funds roll over – I can keep using them for eligible expenses. They don't expire like some Flexible Spending Accounts (FSAs) do. This is important for long-term planning. I can save up HSA money year by year to cover big medical costs or just to have a buffer for my mental health needs. It's like having a **health savings account** specifically for my well-being.

That said, I should note that HSAs are **only available to certain business structures**. In Canada, if you're a sole proprietor with no employees, you generally can't set up an HSA directly – the CRA requires that you have at least one arm's-length employee (a non-related full-time employee for over 3 months) to be eligible for a private health services plan (PHSP) or HSA. This is a bit of a loophole in the system. However, I found that there are ways around it. One option is to **incorporate my business** (even a single-person corporation) to get access to an HSA. Many professionals form a CCPC (Canadian-controlled private corporation) to take advantage of these tax-advantaged accounts. Another option is to use a third-party HSA provider that structures the account in a way that complies with CRA rules. I worked with a provider that specialized in HSA for sole proprietors, and they helped me set it up by essentially treating my business as if it had an employee (me) for the purposes of the HSA. It's a bit of a workaround, but it's legal and effective. I'll cover how to set this up in the next section.

📌 How to Set Up an HSA in Canada (For Solopreneurs)

If you're a sole proprietor like me, setting up an HSA might require a bit of extra effort, but it's well worth it. Here's a step-by-step guide on how I did it:

1. **Ensure Eligibility:** As mentioned, I needed to meet the CRA's criteria for a PHSP. Since I had no employees, I used a strategy where I treated my business as having an employee (me). I created a basic employment contract or offer letter to establish that I'm an employee of my corporation. This is important because the CRA requires that any PHSP benefit plan be offered to all employees on a similar basis. Even though I'm the only employee, having this contract in place satisfies the requirement that the HSA is a benefit plan for employees. I also ensured my business income was sufficient – the CRA generally requires that at least 50% of my total income comes from my business (to prevent using the HSA as a personal tax shelter) and that any other income is under \$10,000 . If you're incorporated, you might not face these limits, but as a sole proprietor, you do.

2. **Choose a Provider:** There are a few HSA providers in Canada. I worked with a company called **Wellbytes** (there are others like EasyHSA, etc.). They specialize in setting up HSAs for small businesses and sole proprietors. They guided me through the process. The provider will register your HSA with the CRA and help you set up the policies and procedures. They also handle the administration of the account – submitting claims, issuing payments, etc.

3. **Set Your Annual Allowance:** Once set up, I decided on an annual budget for my HSA. I considered my typical healthcare costs and my business profits. I set a limit that I could contribute each year. For example, I might allocate \$3,000 per year to my HSA. This means my business can contribute up to \$3,000, which will be reimbursed to me for eligible expenses. The CRA allows this amount to be the same for all employees, so even though I'm the only employee, I set the limit to \$3,000 (or whatever amount I choose).

4. **Enroll and Start Contributing:** The HSA provider helped me enroll myself as an "employee" in the plan. I had to provide my personal information and sign up for the account. Then, my business can start making contributions to the HSA. The contributions are tax-deductible expenses on my business tax return. I typically contribute the full allowance each year, even if I don't need all the funds right away. This way, I maximize the tax savings upfront.

5. **Submit Claims for Reimbursement:** When I incur eligible medical expenses, I pay for them out of pocket (using a credit card or cash) and then submit the receipt to the HSA provider for reimbursement. The provider will review the claim for eligibility and pay me the amount. All reimbursements are tax-free – I don't report them on my personal tax return. It's a straightforward process: upload the receipt, wait for approval, and get paid via e-transfer or cheque. The provider handles all the paperwork, so I don't have to worry about tracking it on my own tax return (except for noting the business deduction).

6. **Keep Records:** I still keep a record of all my HSA transactions and receipts, just in case the CRA asks for documentation. But the provider typically keeps records too. I just make sure I have proof of each expense and that I didn't double-dip (I don't claim the same expense twice, either through insurance or HSA). This is important to avoid any issues.

By following these steps, I was able to set up my HSA. It took a bit of time and coordination, but now I have a dedicated account for my health expenses. The process might be a bit different if you're incorporated, but the principle is the same: fund the account through your business and reimburse

yourself for eligible expenses tax-free. The key was working with a reputable provider that understands the rules for sole proprietors. Once everything was in place, it was smooth sailing – I could start using the HSA for my healthcare needs, including wellness and mindfulness expenses.

📌 What an HSA Covers (and What It Doesn't)

One of the great things about an HSA is that it can cover a **wide range of medical, dental, vision, and paramedical expenses**, as long as they are deemed medically necessary by the CRA. This means it's not just for major medical bills – it can cover routine and even preventive care. Here's a breakdown of what is typically eligible:

- **Prescription Drugs:** All prescription medications are eligible, as long as they are prescribed by a licensed practitioner. Over-the-counter drugs generally aren't eligible (unless they're a supplement like Vitamin B12 prescribed for a specific deficiency). This covers things like antidepressants, anti-anxiety meds, or any other prescriptions I might need.
- **Dental Care:** Basic dental services like cleanings, fillings, crowns, root canals, and dentures are eligible. Orthodontic work (braces) is also covered, which is great if I ever need to get my teeth fixed. Cosmetic dental work (like teeth whitening) is not eligible unless it's for therapeutic reasons (for example, if a discolored tooth is causing psychological distress and a dentist deems whitening medically necessary, that might be covered).
- **Vision Care:** Vision exams and corrective eyewear (glasses, contact lenses) are covered. The CRA allows up to \$400 every two years for glasses or contacts, and up to \$200 every two years for an eye exam. Some plans also cover laser eye surgery if it's for a medical condition (e.g., if a retinal condition requires corrective surgery).
- **Paramedical Services:** This is a big category that traditional insurance often misses. It includes services like physiotherapy, chiropractic care, massage therapy, acupuncture, naturopathy, speech therapy, occupational therapy, and even mental health therapy. In fact, **mental health counselling or therapy is fully covered** by most HSA plans. This is a game-changer for us freelancers who might need therapy but don't want to pay out of pocket. It means I can attend therapy sessions and get those costs reimbursed through my HSA, essentially making therapy **part of my business expense**. Naturopathic doctors, osteopaths, and registered massage therapists are also usually covered, as long as they are licensed professionals. For example, if I go to a naturopath for stress management or a massage therapist for chronic pain relief, those are eligible expenses.
- **Medical Devices and Supplies:** If I need medical devices like hearing aids, crutches, a wheelchair, or even a CPAP machine for sleep apnea, those are eligible. Also, medical supplies like diabetic test strips, insulin pens, or wound care supplies are covered. This can be useful for managing health conditions that could impact my ability to work.

- **Alternative Therapies:** Acupuncture is covered in many provinces, and HSA plans generally include it if the practitioner is licensed. Similarly, homeopathy, chiropractic, and naturopathic treatments are often covered for specific health needs. This means I could use HSA funds for acupuncture sessions or herbal remedies recommended by a health professional, especially if they're related to a diagnosed condition.
- **Other Wellness Expenses:** Wait, hold on – I mentioned mindfulness and wellness programs. What about things like gym memberships or meditation apps? **Typically, those are not considered eligible medical expenses** under the CRA's definition. The CRA requires that an expense be for the diagnosis, treatment, or prevention of a disease or for the purpose of affecting any part of the body. A general gym membership for fitness isn't considered medically necessary unless it's prescribed for a specific condition. However, some companies have started offering **wellness spending accounts** that allow a broader range of expenses (including gym memberships, mental health apps, etc.). For example, Adobe Canada offers a wellness reimbursement program where they will reimburse employees for eligible wellness services and activities (up to \$852 per year) . While this is for employees, some providers are exploring similar options for HSAs. Currently, the standard HSA rules in Canada are more narrow, but there are discussions about expanding them.

So, while I can't claim a **general gym membership or a meditation app subscription as a direct HSA expense**, I can get creative. For instance, if I have a diagnosed chronic condition like high blood pressure, I could join a gym as part of my treatment plan and get the membership cost reimbursed. Or if I pay for a mental health coaching service that is backed by a therapist (for example, some therapy clinics offer coaching or support sessions), I might be able to get that reimbursed if it's deemed medically necessary. It's a bit gray, but the general rule is that if it's a routine wellness or preventative measure, it might not qualify. However, if it's directly related to managing a health condition, it could.

One thing I did was **prioritize expenses that improve my overall well-being and could prevent health issues**. For example, I joined a yoga class once a week to manage stress – that's not directly medical, but I consider it preventive. I didn't try to claim that, but I did focus on things like massage therapy for chronic tension (which is covered) and seeing a therapist for anxiety (covered). I also use my HSA for things like acupuncture sessions that help with chronic pain or stress. The **CRA-approved list of expenses is quite extensive**, and it's updated each year. In 2025, for instance, mental health virtual therapy is included as an eligible expense , and there's recognition of new medical technologies and services. The goal is to cover necessary treatments and services that contribute to my health.

In summary, an HSA can cover a broad range of healthcare needs, including mental health and wellness-related costs (especially those tied to a diagnosed condition). The key is to ensure any expense I claim is **justified as medically necessary** and to keep good records. This way, if the CRA ever asks, I can show that the expense was for a valid medical purpose.

📌 Maximizing Your HSA for Mindfulness & Well-Being

Now, let's talk about **using your HSA to invest in mindfulness and mental health**. As freelancers, our mental well-being is directly linked to our productivity and success. So, it makes sense to use our HSA funds to support activities that improve our mental health. Here are some ideas and tips on how to maximize your HSA for mindfulness and wellness:

- **Therapy Sessions:** This is a big one. As I mentioned, therapy is fully covered by most HSA plans. If you're dealing with stress, anxiety, burnout, or any mental health issues, **seek therapy** and use your HSA to pay for it. Whether it's individual therapy, couples therapy, or family therapy, it counts as a medical expense. Many therapists will issue receipts that show it's for psychotherapy – that's exactly what you need. Just make sure you're seeing a licensed professional (psychologist, psychiatrist, registered social worker, etc.). You can even use HSA funds for online therapy or counseling sessions – many providers offer digital platforms, and those expenses are eligible as long as they're for therapy. This was a game-changer for me. Having access to therapy means I can get professional help for my mental health, knowing I won't be hit with a huge bill. And because it's tax-free, it's like getting a subsidy on my therapy sessions. For example, if I pay \$150 per session and my HSA reimburses me, that's a significant financial relief.
- **Mindfulness and Meditation Apps:** While a subscription to a meditation app like Headspace or Calm isn't directly reimbursable as a medical expense, you could look into **teletherapy apps or programs** that are considered medical. Some therapy clinics have online programs or even partner with apps for mindfulness. For instance, a clinic might offer a mindfulness-based stress reduction program. If you participate in a medically supervised program, the cost could be eligible. Also, some HSA providers are starting to include mindfulness sessions – for example, if your therapist offers a mindfulness session as part of your therapy, that might be covered. Another angle: if you have a diagnosed condition like anxiety, a meditation or mindfulness practice might be recommended by your doctor. In that case, you could argue it's a preventive or treatment measure. While this is still a bit in the gray area, it's worth exploring. I've started using a meditation app for stress relief; I don't claim it as a direct HSA expense, but I do use the money I save on therapy for these practices as an indirect benefit. It's about creating a balanced approach to mental health.
- **Massage Therapy:** Massage is a great way to manage stress and tension. Many private health plans and HSAs cover massage therapy if it's for a medical reason. For example, if you have chronic back pain or tension headaches, a massage therapist might recommend sessions as part of your treatment. The fees for those sessions can be reimbursed through your HSA. I've been going for monthly massages to help with the physical manifestations of stress. It's an investment in my well-being that I know is tax-deductible for my business. If you don't have a specific medical condition, you could still consider it a preventive expense – regular massage can prevent stress-related injuries and improve mood. Just keep the receipts and make sure to note the purpose (e.g., "massage for stress relief" or "massage for chronic neck pain").
- **Acupuncture:** Acupuncture is a wonderful complementary therapy for stress, anxiety, and pain. In provinces like Ontario, acupuncture is covered by OHIP if done by a licensed acupuncturist for certain conditions (like chronic pain or stress). If that's the case, you can get a free or reduced-cost

acupuncture session at a community clinic. However, if you want to see a private acupuncturist or if you need more frequent sessions, those costs are eligible. I've found acupuncture helpful for my neck and shoulder tension, and I use my HSA to cover those sessions. It's like a built-in stress management budget.

- **Yoga and Wellness Classes:** As I mentioned, general gym memberships aren't eligible, but if you have a medical reason to join a fitness class (for example, if you have a doctor who recommends physical activity for anxiety), you could get that membership reimbursed. Or you might take a yoga class at a community center – if that class is part of a medically supervised program, it could be covered. Otherwise, you might not be able to claim it. However, you can still use your HSA funds for things like yoga mats, meditation cushions, or online yoga courses if you find them beneficial. These are personal expenses, but they support your mental health. The key is that the expense must be directly tied to your health. If you have a gym membership for general fitness, it might not count, but if you have a prescription for physical therapy at a gym, that would. So, consult with your doctor or therapist if you think a wellness activity could be considered medical – they might be able to give you a recommendation or letter to support it.
- **Mental Health Coaching:** Some people work with life coaches or mental health coaches. If you're seeing a coach who is also a licensed professional (like a therapist who does coaching sessions), those could be covered. But if it's a general life coach, it likely won't qualify. However, if the coaching is related to managing a diagnosed mental health condition (for example, a coach helping you with anxiety management as part of your therapy plan), that might be considered medically necessary. It's a bit ambiguous, but it's worth exploring. If the coach is a registered professional, keep records of their qualifications and the nature of the sessions.
- **Supportive Therapies:** This includes things like chiropractic care for stress-related pain, osteopathy, naturopathy (for things like hormonal balance or digestive issues that might affect mental health), and even certain nutritional counseling. For example, if a naturopath recommends a dietary change to help with mood, that expense could be eligible. Just make sure the provider is licensed and the treatment is for a medical condition. It's a holistic approach to wellness, and your HSA can help cover those costs.
- **Wellness Spending Accounts (if available):** Some employers or HSA providers offer a wellness account that goes beyond medical expenses. For instance, Adobe's wellness reimbursement covers expenses like gym memberships, fitness classes, nutrition coaching, mental health support (like online therapy or counseling), and even mental health days. If your provider offers something similar, you could use that for non-medical wellness costs. But generally, stick to the medically necessary expenses to stay within CRA guidelines.

The key principle is to **focus on activities that improve your mental health and are justified as part of your health management**. By doing so, you're not only investing in yourself but also getting tax benefits for it. I find it empowering to know that I can treat my mental well-being as a business expense – it takes some of the stigma out of seeking help and also makes it more affordable. It's like giving myself a **self-care budget** that's built into my business finances.

Of course, it's important to consult with a tax professional or your HSA provider to ensure you're on the right track. Every situation is different, and what might be eligible for one person might not be for another. But in general, **therapy, acupuncture, massage, and other wellness therapies related to health conditions are fair game** for HSA reimbursement. The CRA is moving towards recognizing mental health as an essential part of overall health, so I expect more wellness-related expenses to be included in the future.

📉 What It Costs: Premiums vs. HSA Contributions

One of the main considerations for solopreneurs is **cost**. How do the costs of a traditional health insurance plan compare to using an HSA for health expenses? Let's break it down with some examples:

First, let's take my situation. I'm a 45-year-old nonsmoker in Ontario with no dependents. If I were to buy a **traditional private health and dental insurance plan**, a plan like **GreenShield's ZONE 2 Primary** might cost me about **\$70 CAD per month**. That's \$840 per year. This plan covers things like basic dental, vision, prescriptions, and paramedical services up to certain limits. It doesn't have a high deductible – I'd pay a small co-pay for most services. But with that, I still have to pay for any expenses beyond the plan's coverage. For example, if I needed a major dental procedure or extensive therapy sessions, I'd be out of pocket for those costs.

On the other hand, if I use an **HSA**, I pay nothing in premiums. My business contributes to the HSA, which is tax-deductible. Then, when I incur expenses, I pay them and get reimbursed. Let's say I decide to allocate \$3,000 per year to my HSA. My business can deduct that \$3,000, which in my tax bracket (let's say 30%) saves me about **\$900 in taxes** (since $\$3,000 \times 0.30 = \$900$). Then, I can use that \$3,000 for medical expenses. If I spend \$3,000 on things like therapy, prescriptions, and dental work, I'm essentially using the money I saved from taxes plus my own money. But because the HSA is tax-free, it's like those \$3,000 are coming out of my business tax-free. It's a bit more complex, but the net effect is that I end up paying for my health costs with less of my own after-tax money. For instance, if I spend \$3,000 on medical, and my business saved \$900 in taxes by contributing that \$3,000, my net cost for those \$3,000 is \$2,100. That's a saving of \$900 compared to paying it out of pocket.

Another way to look at it: the **effective cost of an HSA** is lower than the cost of a traditional insurance plan. In my example, the traditional plan costs \$840 per year, whereas the HSA saves me \$900 in taxes (effectively reducing my cost by that amount). If I were to use the HSA to cover those \$840 in costs, I'd only be out-of-pocket \$2,160 (instead of \$3,000) and save \$840. That's a huge difference. Plus, I have \$2,160 left in my HSA for other expenses. So, over time, an HSA can be **more cost-effective** especially if you have significant healthcare needs.

Let's consider another example. Suppose I had a family – say, myself and my spouse, and we both needed therapy. A traditional family health plan might cost more, but an HSA would allow us to cover both of our therapy costs under one account (with higher contribution limits). Also, if I had a high-deductible plan, I'd

pay a lower premium but have a deductible to meet. An HSA can be paired with a high-deductible plan to maximize the tax benefits – you contribute to the HSA to save for the deductible and then reimburse yourself for the costs. This is a common strategy for those who are generally healthy but want the tax advantages.

It's also worth noting that **HSAs roll over**. If I don't use all my HSA funds in a year, they carry over to the next year. That means I can build a reserve for future medical needs. For example, if I only spend \$2,000 of my \$3,000 HSA allowance in a year, I can use the remaining \$1,000 next year. Over time, this can grow into a nice nest egg for healthcare expenses, including any major medical emergencies or future wellness programs. Traditional insurance doesn't give you a refund if you don't use your premiums – you pay them regardless. So, the HSA gives you more control over your healthcare budget.

Of course, every freelancer's situation is different. If you have minimal health expenses, a traditional plan might be sufficient and cheaper. But if you anticipate needing a lot of medical care (especially mental health care), an HSA can be extremely beneficial. The **cost comparison can swing in favor of an HSA**, especially when you factor in the tax savings.

To illustrate, let's use a simple tax scenario: If I earn \$80,000 in net self-employed income and have no other income, and I pay \$6,000 in health insurance premiums for a private plan. My net income after insurance would be \$74,000. If I instead contribute \$6,000 to an HSA, my net income remains \$80,000, and I save $\$6,000 \times \text{my tax rate (say 30\%)} = \$1,800$ in taxes. I then use that \$6,000 from the HSA to pay for my health expenses. My after-tax cost for those \$6,000 is $\$6,000 - \$1,800 = \$4,200$. That's significantly less than paying \$6,000 out of pocket. So, I end up spending less money on healthcare and still have the coverage I need. It's essentially like the government and my business subsidizing my health costs.

Another point: **no hidden fees** in an HSA. Traditional insurance plans often have co-pays, deductibles, and claim limits. With an HSA, I know exactly what I'm paying for and what I'll get back. There are usually no annual limits on how much I can contribute (as long as it's reasonable for my business), and the HSA provider handles any administrative fees. So, there's more transparency and control.

Overall, the **cost advantage of an HSA comes from the tax deduction**. If you're in a higher tax bracket, the savings can be substantial. Even if you're in a lower bracket, every dollar saved is a dollar that can go back into your business or your pocket. It's a win-win: I get better health coverage and save money on taxes – a true tax hack for solopreneurs!

📌 Why an HSA (Over a Traditional Plan) is a Game-Changer

After using both a traditional insurance plan and an HSA, I can confidently say that an HSA has been a **game-changer for me**. Here's why:

- **Financial Flexibility and Control:** With an HSA, I'm not tied to a specific insurance company or plan design. I can choose my own doctors, therapists, and treatments. If I find a great therapist who's

outside the insurance network, I can still use my HSA to pay them. I have the flexibility to invest in my mental health in ways that work for me, without worrying about insurance restrictions. This control is empowering as a solopreneur – I'm in charge of my health budget and decisions.

- **Comprehensive Coverage:** An HSA can cover a broader range of expenses than many traditional plans. As we saw, it covers not just major medical bills but also routine care, preventive care, and even some wellness activities. For example, I can get my annual eye exam and glasses, my dental check-ups, and my therapy sessions all covered. A traditional plan might have limited coverage for these or exclude certain ones. With an HSA, I have a safety net for both big and small health costs.
- **Tax Savings:** The tax advantages are the icing on the cake. Every dollar I contribute to my HSA is effectively tax-free. This means my healthcare costs are cheaper than if I paid for them out of pocket. As a self-employed person, every dollar saved in taxes is a dollar I can reinvest in my business or personal finances. The HSA essentially acts as a **tax shelter for my health expenses**, which is huge. I don't have to worry about hitting a deductible or not using my benefits – I can save the money year by year and use it when needed, knowing I'll get some of it back in tax savings.
- **Portability and Long-Term Use:** Unlike an insurance plan that might change if I get a new job or my income changes, an HSA goes with me. If I ever switch to a different business structure or even go back to a regular job, the HSA remains. I can keep using the funds for eligible expenses for life. This is great for long-term planning – I can build a nest egg for retirement healthcare or for any future health needs. Traditional insurance is tied to my employment status, so that security isn't there.
- **Mental Health Peace of Mind:** Perhaps the most important reason is the peace of mind. Knowing I have coverage for mental health services has reduced my anxiety about seeking help. I don't have to delay therapy or put off necessary medical care because I'm worried about the cost. This has been incredibly beneficial for my mental well-being. It's like having a **healthcare safety net** that is part of my business, which aligns with the freedom I enjoy as a freelancer. I feel more secure, which in turn makes me more productive and focused on my work.
- **Employee Benefits for Myself:** Having an HSA is a way to give myself some of the benefits I'd get if I were an employee. It's a perk that helps retain me as my own boss – I can offer myself something that feels like a benefit package. It also improves my loyalty to my business because I'm investing in myself through it. It's a win-win for both me and my business.

Of course, there are some downsides to consider. An HSA requires more administrative work – I have to track my expenses and submit claims. Traditional insurance handles that for me. But for me, the benefits outweigh the effort. It's a small price to pay for the control and savings. Also, if I'm in a situation where I have a lot of medical expenses in a year, I might hit my deductible with a traditional plan and have to pay out of pocket until it's met. With an HSA, I can use the funds to pay those costs (if I have enough in the account) and then build it back up. It's a bit of a balancing act, but with good planning, it works.

In summary, an HSA provides **greater flexibility, comprehensive coverage, and significant tax advantages** that a traditional insurance plan can't match. It's like having a tailored health plan that grows with me. For a solopreneur, that's invaluable. I feel that by investing in my health through an HSA, I'm

investing in the long-term success of my business. After all, a healthy mind and body mean I can work more effectively and creatively. It's a true **win-win: I save money on taxes and get the health coverage I need.**

▾ My Experience – What Worked, What I Learned

Let me share a bit more about my personal experience with using an HSA for my mental health and overall wellness. When I first implemented this, I was a bit nervous – I had to make sure I was doing everything correctly to avoid any issues with the CRA. But I followed the steps carefully and worked with my HSA provider, and everything went smoothly. The first year, I contributed the full \$3,000 to my HSA and used it to pay for my therapy sessions, a couple of medical check-ups, and some dental work. At tax time, I was able to deduct the \$3,000 as a business expense, which saved me about \$900 in taxes. That was a nice surprise! Then, when I filed my personal tax return, I didn't have to claim those medical expenses separately because they were reimbursed tax-free. It simplified my personal taxes significantly.

One thing I learned is to **plan ahead**. I set a calendar reminder to contribute to my HSA by the end of the year (or earlier, if I had extra business income) so I don't miss out on the tax deduction. I also track my HSA balance and expenses throughout the year to ensure I'm not overspending or underspending. If I see I'm not using much of my allowance, I might consider adjusting the contribution or using it for a wellness expense I've been wanting to try (like a mindfulness retreat or a health coach session, if that ever becomes eligible). If I see I'm close to using it all, I might hold off on non-urgent expenses or maybe increase my contribution next year.

Another lesson: **know the rules**. I made sure to familiarize myself with what expenses are eligible. For instance, I found out that massage therapy for stress is covered, but a general massage for relaxation isn't. So I stick to massages that are part of my treatment plan. I also keep my receipts and records organized. If I ever need to prove something, I have everything on hand. I found it helpful to categorize my expenses (e.g., "Therapy \$X", "Massage \$Y", etc.) so I can track how I'm using my HSA. It's like having a personal health budget.

I also noticed a positive impact on my mental health by having this plan in place. I felt less anxious about health issues and more motivated to take care of myself. Knowing I can expense my therapy and other wellness activities made it easier to prioritize them. It's almost like a self-care habit – I schedule my sessions and plan my self-care, knowing I'll be reimbursed. This has improved my work-life balance and reduced burnout. It's a bit of a feedback loop: taking care of my health through the HSA makes me more productive and happy, which means I take even better care of my business. It's a virtuous cycle.

One challenge I faced was figuring out how to handle expenses that weren't clearly covered. For example, I started a subscription to a mental health app. I didn't claim it, but I used the money I saved on therapy to pay for it because it still supports my mental health. It's not reimbursable, but it's a small expense that I don't mind paying for out of pocket. I also made sure to use my HSA for things that are **directly tied to**

my health. If I have a cold or flu, I use the HSA for medications or doctor visits. If I have a chronic condition like migraines, I use it for preventive care like seeing a neurologist or buying supplements. This way, I'm using the HSA for what it's intended – medical expenses – and not for personal luxuries. I think that's important to maintain good standing with the CRA.

Overall, my experience has been **very positive**. I feel like I've taken a proactive step to protect my well-being, and the financial aspect has been surprisingly easy to manage. It's like having a mini benefits package that I can customize. I've also noticed that as my business grows, I can increase my HSA contributions to cover more expenses, which is great for future-proofing my health coverage.

📌 Final Thoughts & Encouragement for You

To wrap up, I want to encourage all solopreneurs out there who might be feeling overwhelmed by health costs or mental health struggles – you **don't have to go it alone**. There are solutions like HSAs and private insurance that can give you the coverage and support you need. I know it can be intimidating to navigate, especially when you're juggling everything on your own, but I've found that with a bit of research and the right resources, it's manageable. And the benefits – both in terms of your health and your finances – are well worth it.

Remember, your mental health is not a luxury – it's essential for your success as a freelancer. By taking control of your health insurance and using an HSA to invest in your well-being, you're essentially saying, "I value myself and my work enough to protect both." It's a mindset shift that can transform how you approach your business. You're not just saving money; you're investing in a healthier, happier, and more sustainable you.

If you're just starting out, I recommend looking into your options early. The Health Insurance Marketplace is a good starting point to understand your insurance costs, and then you can compare that to the cost of setting up an HSA. Many provinces offer online comparison tools for insurance plans, and there are independent insurance brokers who can help. For HSAs, look for a reputable provider and ask them about sole proprietor options – they should be able to guide you through the process.

Finally, I want to acknowledge that not everyone has the same circumstances, and that's okay. Some of you might have access to employer benefits if you have a partner or if your business grows to a point where you hire staff. But for those of us in the solo space, this is our reality. And it's my hope that by sharing my journey, I've inspired you to take action. You deserve to have peace of mind knowing you're covered if something happens, and you deserve to invest in yourself without guilt. **Expensing my sanity** – that's exactly what I've done, and it's been life-changing. I'm able to focus on my work with confidence, knowing I've got my health and finances in order. I encourage you to do the same. You've got this!

Take care, and here's to a healthier, happier, and more prosperous freelancing journey.

— **Your Freelance Health Advocate**

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