

Health Savings Account – Is It Right for You?

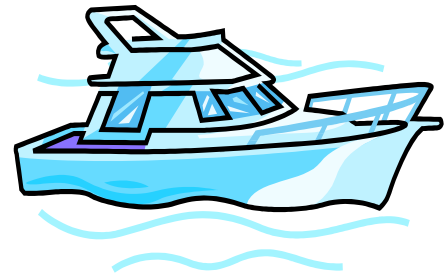
A **Health Savings Account (HSA)** is a uniquely designed tax exempt savings vehicle to cover immediate medical expenses and a powerful retirement savings tool that allows you to set aside pre-tax money for post-retirement medical expenses.

Triple Tax Advantage of a Health Savings Account

1. Contributions are tax free
2. Income earned on HSA funds is tax free
3. Withdrawals for qualified medical expenses are tax free

For distributions after age 65, the best of both worlds -

- If you have eligible medical expenses – tax free distribution.
- If no eligible medical expenses – taxed as ordinary income. You can do whatever you want with the money!



NOTE: Non-medical distributions before age 65 are taxable as ordinary income + 20% penalty

An HSA Offers Flexibility and Ease of Use

- HSA funds carryover from year to year.
- You can change your contributions during the year to fit your specific needs.
- It is an individual trust – completely portable to another trustee if you change jobs.
- No claims submission required. You are responsible for saving your receipts.
- You decide when to make a distribution from your HSA. **After you start your HSA, distributions for eligible expenses can be made years later.**

Who Can Contribute to an HSA and How Much?

- Employer and Employee contributions
- Annual Contribution Limits (2018):
 - Single - \$ 3,450
 - Family - \$ 6,900
 - Additional \$ 1,000 annually after age 55 (Catch-up)

Who is eligible to have an HSA?

- Anyone that has a qualified high deductible health plan (HDHP), and is not covered under another non-qualified health insurance plan.
- Can be over 65 years old, but not receiving Medicare payments.
- To be a HDHP, there are specific minimum annual deductible limits and out of pocket maximums.

	Minimum Deductible		Out of Pocket Max	
	Single	Family	Single	Family
2018	\$ 1,350	\$ 2,700	\$ 6,650	\$ 13,300
2017	\$ 1,300	\$ 2,600	\$ 6,550	\$ 13,100

What happens to your HSA account if you die?

- The account may be used by your tax dependents as an HSA
- If no tax dependents, then paid to your beneficiaries and treated as ordinary income. **It is never forfeited!**

What expenses are considered eligible for tax free HSA distributions?

- Medical, dental & vision expenses, generally listed in IRS Section 213(d)
- Qualified Long Term Care premiums
- Certain Medicare premiums, such as Part A, B, and D
- Insurance premiums for COBRA health care unless receiving unemployment compensation

Some Important things to know about Health Savings Accounts (HSA) and Flex Spending Accounts (FSA)

- You can't have a full Medical FSA if you are making HSA contributions.
- You can have a "limited scope" Medical FSA for vision and dental expense if you are making contributions to an HSA.
- You can use the Dependent Care Account even if you are contributing to an HSA.

Using an HSA and the "limited scope" Medical FSA to maximize pre-tax deductions and start building funds for the future. Think current and long term!

- Maximize your HSA contribution to provide for immediate medical expense needs, and start building a long term post- retirement medical expense fund.
- Enroll in a "limited scope" Medical FSA for vision and dental expenses. Keep in mind the new \$500 Medical FSA carryover option which is now available, and includes the "limited scope" Medical FSA. No more "use it or lose it" worries on \$500 of your annual election.