

HSA – Health Savings Accounts - 2011

- HSA contribution limits
 - Individual up to \$3,050 (55 and older - \$4,050) \$7,150
 - Family up to \$6,150 (55 and older - \$7,150)
- Contributions are 100% tax deductible from gross income
- Minimum annual deductibles;
 - \$1,200 self-only coverage
 - \$2,400 family coverage.
- Annual out-of-pocket expenses cannot exceed (deductibles, co-payments and other amounts, but not premiums);
 - \$5,950 self-only coverage
 - \$11,900 family coverage.

Before you start

- Make sure your Medical Insurance qualifies
- Identify financial institution where you will open an HSA account (your Bank may have such option)
 - Verify interest
 - Verify account maintenance fees
 - Educate yourself on the reimbursement and payment options

Tax Benefit

- Make sure you inform your tax professional about your HSA
- Make sure your funding will be allocated to the correct period (you may fund the prior year HSA account until the tax deadline for that year)
- Your contributions may be a base for calculating deductions from your income on your tax return, which in effect may lower your tax liability
- Each individual tax situation is different, it is recommended that you consult with your tax advisor

Good practice advice.

When the income level is uncertain it may be beneficial to wait until the years end to see if funding of the HSA will provide any tax benefits. It may be beneficial to consider choosing between an HSA and for example ROTH IRA.