



# American Health Value

Your Health Savings Account Experts

800-914-3248

## HSA Summary

This document is designed to give a brief overview of HSAs and is not all-inclusive of the IRS regulations and guidelines.

For more detailed information contact American Health Value at 208-331-0676 (toll free 800-914-3248) or visit our website: [www.AmericanHealthValue.com](http://www.AmericanHealthValue.com).

### What Is A HSA?

A Health Savings Account (HSA) is a tax favored savings account coupled with a High Deductible Health Plan. The concept is simple:

- Lower your health insurance premiums
- Deposit the savings into your HSA
- Reduce your taxable income
- Pay your deductible from your HSA
- Provide additional savings vehicle for retirement

### Eligibility

In order to open an HSA, you must have a High Deductible Health Plan (HDHP) that does not pay for medical expenses (other than preventive care or prescriptions) before the deductible is met and does not pay for prescriptions before the deductible is met. An HDHP deductible must fall within the following guidelines:

Type of Coverage	2011 Minimum Deductible	2011 Maximum Out of Pocket
Individual Coverage	\$1,200.00	\$ 5,950.00
Family (Individual + one or more dependents)	\$2,400.00	\$11,900.00

In addition to having an HDHP, you cannot be covered by any other health insurance that is not an HDHP, you cannot be enrolled in Medicare, and you cannot be claimed as a dependent on someone else's tax return.

### Contributions

- You, your employer, or both of you can make contributions into your HSA. The total contribution amount each year is limited to the maximum contribution amount determined by the IRS.

Type of Coverage	2011 Maximum Contribution
Individual Coverage	\$3,050
Family (Individual plus one or more dependents)	\$6,150

\*If you are over age 55 you can also make an additional "catch-up contribution" of \$1,000.

## **Contributions (continued)**

- Contributions for the first year can be made for the maximum amount, even if the insurance is not in effect on January 1. You must remain an eligible individual through the end of the next calendar year in order to avoid any taxes or penalties on the first year maximum contribution.
- Contributions for the last year you are an eligible individual are pro-rated based on the number of months you qualify for contributions during the calendar year.
- Employer contributions must be “comparable”. This means if your employer is making contributions into your account he must do the same dollar amount or the same percentage of the insurance deductible for you as he does for every other employee. The IRS does allow for an exception to the comparability rules which allows additional employer contributions to lower compensated employees.
- Contributions done through a cafeteria plan are not subject to the comparability rules, but are subject to the cafeteria plan non-discrimination rules.
- Money deposited into your account by your employer is yours to keep....even if you leave employment.

## **Distributions**

- You have access to your HSA funds by check or VISA debit card. Funds may be used tax-free to pay for qualified medical expenses that happen after the date your HSA bank account is opened. You can also use your HSA tax-free to pay for Long-Term Care Insurance Premiums. Please go to our website to see a partial list of qualified expenses: [www.AmericanHealthValue.com](http://www.AmericanHealthValue.com).
- Pay for qualified over-the-counter expenses tax-free with your HAS dollars. Visit our website to view qualifications and examples: [www.AmericanHealthValue.com](http://www.AmericanHealthValue.com)
- You, your spouse, and your dependent children can use the funds in your account. Your dependents do not have to be covered on your HDHP in order to use the funds in the HSA.
- If you use the funds in the account for a non-qualified expense, you will pay a 20% penalty plus income tax on the withdrawn amount.
- Money that remains in your account at the end of the year simply rolls into the next year. You do not lose it. Your account can grow from year-to-year and at 65 be used as supplemental retirement income. At that time a distribution for non-qualified expenses would be subject to taxes, but no penalties.

**Contact us for more information:**

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