

Health Savings Account

Answers to your questions

HSA Eligibility

You must meet certain requirements to be eligible for an HSA; most importantly, you must be covered under a high deductible health plan (HDHP). An HDHP generally has lower premiums than other types of health plans, but also has higher deductibles. Until your deductible is met, you must pay for all your medical expenses – except for preventative care, which is almost always covered. Assuming your HDHP is HSA-compatible, you can use your HSA assets to pay for these expenses.

An HDHP is considered HSA-compatible if it satisfies the annual deductible and out-of-pocket expense limits. Check with your health insurance provider to see if your health plan meets these requirements.

Besides having coverage under an HDHP, to be eligible for an HSA, you

- cannot be covered by another health plan (with limited exceptions),
- cannot be enrolled in Medicare, and
- cannot be eligible to be claimed as a dependent on another person's tax return.

Note that your HSA eligibility is determined as of the first day of each month.

High Deductible Health Plan Limits

		Self-Only Coverage	Family Coverage
Minimum annual deductible	2016	\$1,300	\$2,600
Maximum out-of-pocket expenses	2016	\$6,550	\$13,100

HSA Contributions

HSA contributions generally are tax-deductible. You have until your tax return due date (generally April 15) to fund your HSA. The maximum amount you can receive in contributions to your HSA each year depends on whether you have self-only or family HDHP coverage. Also, if you attain age 55 before the close of a taxable year, your contribution limit increases by \$1,000.

HSA Contribution Limits

	Self-Only Coverage	If age 55 or older	Family Coverage	If age 55 or older
2016	\$3,350	\$4,350	\$6,750	\$7,750

HSA Benefits

- Savings tool with investment earnings
- Flexibility to pay current medical expenses or save for future needs
- Tax-deductible contributions
- Tax-deferred earnings
- Tax-free distributions, if used properly
- Balance carries over from year to year
- Remains with you regardless of change in coverage or employment

HSA Use

You can withdraw money from your HSA tax-free if the money is used to pay qualified medical expenses as permitted under federal tax law. This includes most medical, dental and vision care. While health insurance premiums generally are not included, the premiums you pay for qualified long-term care insurance, health insurance when unemployed, health insurance under COBRA continuing health coverage, and certain health insurance premiums after age 65 are.

You can use your HSA for medical expenses for yourself as well as for your spouse and any dependents, even if they are not covered by the HDHP. Or you can use your HSA for retirement. Keep in mind, however, that HSA distributions not used for qualified medical expenses are subject to ordinary income tax and, if taken before age 65, a 20 percent IRS penalty tax (unless due to death or disability).



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