



## Health Savings Account (HSA):

### HSA Benefits

- ✓ You can claim a Federal Tax-deductible contribution (calendar year, up to April 15 of the following year) you or someone other than your employer makes to your HSA.
- ✓ Fully portable account. Interest earnings in the account are tax-free.
- ✓ Balance carries over from year to year.

### HSA Eligibility

- ✓ Must be covered under a high deductible health plan (HDHP) and not claimed as a dependent on another person's return.
- ✓ 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). For 2019 the IRS defines a HDHP with a deductible of at least \$1,350 for an individual or \$2,700 for a family; with a total yearly out of pocket expense (including deductibles, copayments, and coinsurance) can't be more than \$6,650 for an individual or \$13,300 for a family (limit does not apply to out of network services)
- ✓ If you are enrolled in TRICARE or Medicare, or have received VA benefits within the last 3 months, you do not qualify for a HSA.

### Funding your HSA

- ✓ Contributions to your HSA each year depends on if you have a self-only or family HDHP coverage.
- ✓ Self-Only Coverage: \$3,500
- ✓ Family Coverage: \$7,000
- ✓ If you obtain age 55 before the close of a taxable year your contribution limit increases by \$1,000 (catch-up contribution)

### Using Your HSA

- ✓ 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. ([www.irs.gov](http://www.irs.gov)) Non-qualified withdrawals prior to age 65 subject to a 20% penalty; after age 65 you can withdraw the money to pay for any expenses without penalty. The withdrawal, if for non-medical expenses, will be counted in your taxable income
- ✓ This includes most medical, dental and vision care, but generally does not include health premiums.

**YOUR Community – YOUR Idaho First Bank providing services which meet YOUR needs and lifestyle.**



\*This brochure doesn't provide full explanations of Idaho or Federal tax laws or rules. Idaho First Bank is providing this brochure for informational purposes only. For more information, contact the Idaho State Tax Commission (800)972-7660, or ([www.tax.idaho.gov](http://www.tax.idaho.gov)), IRS Publication 969 and 502, and/or seek the advice from a tax advisor to help you calculate your savings!



### **Idaho Medical Savings Account (IMSA):**

An Idaho Income Tax Deduction

- ✓ You can contribute up to \$10,000 each calendar year as a single person, or if married and file a joint income tax return, you may contribute up to \$20,000. Contributions can only be deducted on your Idaho income tax return, not your Federal IRS tax return.
- ✓ You can save it to plan for future health care costs. You do not lose the money; your account grows year to year.
- ✓ Interest earned on the account can be deductible.
- ✓ No age, insurance, or employment restrictions. Idaho taxpayers on Medicare and/or TRICARE also qualify.
- ✓ This account is used exclusively to pay eligible medical, vision and dental expenses (as defined by the Internal Revenue Code), as well as health insurance premiums, deductibles/co-pays, Supplemental Medicare insurance premiums and long-term care expenses.
- ✓ Transportation mileage to and from medical appointments is an eligible expense at the standard medical mileage rate of \$0.20/mile set by the IRS rule.
- ✓ If you pay health insurance premiums from your IMSA, you cannot claim the Idaho deduction for health insurance premiums for those same contributions. If your health insurance premiums are deducted from your wages on a pre-tax basis, you cannot withdraw those premiums from your IMSA to reimburse yourself.
- ✓ Funds withdrawn to pay for something other than eligible medical expenses, prior to age 59 ½ are subject to a 10% penalty; after age 59 ½ you can withdraw the money to pay for any expenses without penalty. The withdrawal, if for non-medical expenses, will be counted in your taxable income.
- ✓ Please consult [www.tax.idaho.gov](http://www.tax.idaho.gov) and/or [www.irs.gov](http://www.irs.gov) for more information.

**YOUR Community – YOUR Idaho First Bank providing services which meet YOUR needs and lifestyle.**



\*This brochure doesn't provide full explanations of Idaho or Federal tax laws or rules. Idaho First Bank is providing this brochure for informational purposes only. For more information, contact the Idaho State Tax Commission (800)972-7660, or ([www.tax.idaho.gov](http://www.tax.idaho.gov)), IRS Publication 969 and 502, and/or seek the advice from a tax advisor to help you calculate your savings!