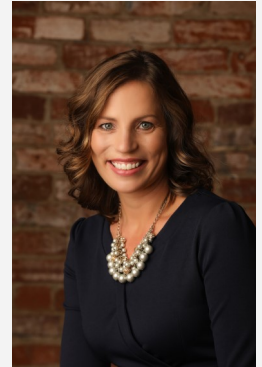




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Health Savings Accounts: Triple Tax Benefit

Although there have been significant changes in the health-care industry in recent years, one tool that remains available to many individuals and families — who are insured with a high-deductible health insurance policy — is a Health Savings Account (HSA).

An HSA allows people to save for future health-related expenses, with a triple tax benefit that is hard to beat. As with a traditional IRA or pre-tax 401(k), contributions made to an HSA are tax-deductible. Furthermore, the account can grow tax-free. And, finally, if you withdraw funds for qualified medical expenses (even long-term care insurance premiums are considered “qualified”), you will enjoy a tax-free benefit. The tax benefits of this tool are pretty fantastic.

Like many things in life, if the benefits are that good, you should not be surprised there are annual limitations on how much you can contribute to the account. As of 2018, individuals can pay a maximum of \$3,450 into an HSA, while families can contribute up to \$6,900. These limitations are indexed each year.

But what happens if you die and have thousands of dollars remaining in your HSA? If you are married and your spouse is listed as the beneficiary, the answer is simple: your spouse will inherit the HSA tax-free and would be able to continue using the funds for qualified health expenses, even if she/he is not insured with a high-deductible plan. However, if the beneficiary is a non-spouse, the funds received would be taxable to the recipient.

The annual limitations imposed by the IRS will likely keep your HSA from becoming a significant part of your investment portfolio, but when it comes to minimizing your tax burden throughout your lifetime, it can certainly help make a difference.

If you have questions regarding an HSA, we at Boyer Corporation Wealth Management would be happy to help answer them.

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