

Welcome!

The HSA Authority is dedicated to providing you with information and tools to help you manage your health savings account in the best way possible. Included in this edition are the 2013 contribution limits, tax savings tips, information on how you can use your HSA funds, as well as record keeping tips.



Save, Save, Save!

Did you know that you don't HAVE to spend your HSA funds? There is no "use it or lose it" provision with an HSA. Although there is a limit on annual contributions, there is no limit to how large your account can grow over time. In the event of the death of an HSA owner, the funds go to the designated beneficiary(s). Spouse beneficiaries have the option of taking the HSA as their own. The funds become taxable income to any non-spouse beneficiary.

Website Tools

Don't forget to visit our online tools. To access them when visiting our website, simply click on the "Tools" tab at the top of the page. You'll find beneficial information such as:

- An Educational HSA Video**
- Informative Bulletins**
- HSA Calculators**
- Health Information Links**
- Medtipster**

Customer Care

As always, your feedback is greatly appreciated. If you have any questions or concerns, you can reach Customer Care at:

- Online:** theHSAauthority.com
- Email:** info@theHSAauthority.com
- Phone:** 888.472.8697, option 1
8:00 am - 6:00pm EST,
Monday through Friday
- Fax:** 260.427.7185
- Address:** The HSA Authority
ATTN: Processing Center
PO Box 11454
Fort Wayne, IN 46858

2013 HSA Contribution Limits Announced

The Internal Revenue Service (IRS) has recently announced the annual contribution limits for 2013. Individuals can contribute up to \$3,250 for the year, while a family can contribute up to \$6,450.

For more information, call us or see IRS Revenue Procedure 2012-26 at: <http://www.irs.gov/pub/irs-drop/rp-12-26.pdf>.

HSA Deposits = Tax Savings

Did you know you can have a significant tax savings by funding your HSA? Amounts deposited to your HSA through a payroll deduction are typically made on a pre-tax basis and out-of-pocket contributions are tax-deductible. So whether the funds are deposited pre-tax or post-tax, you'll still receive the tax benefit by depositing funds into your HSA.

Also, earnings (such as interest and dividends) in HSAs are tax-exempt and employer contributions are not included in your income.

	No HSA	With HSA
Annual Income	\$60,000	\$60,000
Subtract HSA Contributions	-0-	\$2,000
= Taxable Income	\$60,000	\$58,000
Average Tax Rate 15%	\$9,000	\$8,700
= Tax Savings	-0-	\$300

Tax savings will vary depending on individual tax rate. Please consult your tax advisor for more information.

HSA Funds: How Should I Use Them?

Your HSA funds can be used in many ways. One obvious way is for healthcare expenses you've incurred for diagnosis, treatment, or prevention of disease.

Some examples of these expenses are:

- Doctor Visits
- Lab Tests
- Prescriptions
- Hospital Stays
- Vision Expenses (sunglasses, contact lenses and supplies, eye exams, LASIK eye surgery)
- Dental Expenses (orthodontia)
- Medical Supplies (Band-Aids, crutches, test strips)

Regarding over-the-counter medications, you may only purchase them with your HSA if you have a written prescription for that medication. Be sure to keep the prescription with your HSA records in case you are audited by the IRS.

Health insurance premiums can not generally be paid for with your HSA; however, there are four exceptions to this rule. You can use your HSA funds to pay for:

- Insurance premiums while receiving federal or state unemployment benefits
- Paying COBRA insurance premiums
- Premiums for certain long-term care insurance
- Medicare and other healthcare premiums after age 65 (with the exception of Medicare supplemental policies such as Medigap)

One of the many benefits of your HSA is that you can use your funds for eligible expenses for yourself, your spouse or any tax dependent – even if they aren't covered under your high deductible health plan and/or if they have other health insurance coverage.

For a complete list of qualified expenses, see IRS Publication 502. You can find a link to the publication on our website under the "About HSAs" tab.

How Important is Record Keeping?

Keeping your HSA records organized is important in the event you have an issue with your health insurance carrier, or are involved with an IRS audit.

Follow these simple tips and you'll be sure to be well prepared:

- Save all your HSA withdrawal receipts, medical bills, explanation of benefits, prescription paperwork, and bank statements.
- Use large envelopes to organize by month, quarter, or year. Organize them by those expenses that can be applied to your deductible and those that are qualified expenses but do not apply to your health insurance deductible.
- Keep track of your annual deductible so you know your health insurance exposure.
- Make sure prescription drugs are getting applied to your deductible.
- An expense tracking sheet is available on our website at theHSAauthority.com under the "Tools" tab.