

# Joanne saves income taxes with an HSA.



## Meet Joanne

She owns an HSA and authorizes her employer to deduct \$100 per paycheck to deposit into it, before taxes. This way, she reduces her taxable income.

She is in the 25% federal tax bracket and lives in Utah where the state income tax is 5%.

## Joanne's savings

### Federal income tax:

Joanne's savings will equal the same amount of dollars as her tax bracket, per each \$100 deposited.\* Joanne is in the 25% federal tax bracket. So she saves \$25 in taxes for every \$100 she deposits.

### State income tax:

Joanne lives in Utah, one of 46 states\* that does not tax HSA deposits. Utah's state income tax rate is 5%, so Joanne saves another \$5 for every \$100 she deposits.

### FICA tax:

By reducing her taxable income, Joanne also saves \$7.65 for every \$100 deposited into her HSA on FICA taxes (Social Security and Medicare).

\*The following states do not exempt HSA deposits from state income tax: Alabama, California, New Jersey, Wisconsin. Consult your financial advisor or State Department of Revenue for more information.

A health savings account, or HSA, allows you to save money on a pre-tax basis to pay for current health expenses — or to save up to pay for future medical expenses. The account is yours to keep and use through changes in your employment or benefits.

### Health Savings Accounts: A Health-Wise Investment for Your Future.



#### Deposit

Deposit your health care dollars.



#### Grow

Grow your savings.



#### Save

Save on taxes.



#### Pay

Pay for health care, now or later.

Tax Savings Example	Every paycheck: \$100 deducted and deposited into an HSA, before taxes.	This year: \$2,600 deducted and deposited into an HSA, before taxes. (\$100 per paycheck/26 paychecks.)
Federal 25% State 5% FICA 7.65%	\$25.00 5.00 7.65 <b>\$37.65</b> Joanne's savings every 2 weeks	<b>\$650.00</b> <b>130.00</b> <b>198.90</b> <b>\$978.90</b> Joanne's savings every year

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Your tax bracket is based on your annual income. Please see [www.IRS.gov](http://www.IRS.gov) to find out your tax bracket.

While HSAs were created by the federal government, states can choose to follow the federal tax treatment guidelines or establish their own. Some states have chosen to tax HSA contributions. Consult a tax professional or contact your State Department of Revenue for more information.

\*There are contribution limits, set by law and adjusted annually. In 2009, the contribution limit is \$3,000 for individual coverage and \$5,950 for family coverage.

Qualified medical expenses include medical care and services, as well as dental and vision care, prescription drugs and over-the-counter drugs. HSA dollars may even be applied to acupuncture, chiropractic services, prescription sunglasses, contact lenses, LASIK surgery, braces and hearing aids. A list of eligible and ineligible expenses along with IRS links is available to you at [OptumHealthBank.com](http://OptumHealthBank.com).

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