



PREPARING YOUR HSA FOR YEAR END AND TAX TIME

Your Health Savings Account (HSA) is a savings account that you use to pay for qualified medical expenses. It is part of your participation in a qualified High-Deductible Health Plan (HDHP). As the end of the year approaches, we would like to remind you about the financial and tax status of your HSA.

HSA TAX SAVINGS

With an HSA, you receive tax savings in three important ways:

1. If you contribute to your HSA through payroll deduction, that money is deposited into your HSA on a pre-tax basis each pay period, and reduces your taxable income. If you contribute directly, you can deduct the money you contribute to your HSA on your tax return, which reduces your taxable income.
2. You don't pay taxes on the money you withdraw to pay for qualified medical expenses.
3. You don't pay taxes on the interest you may earn on your HSA investments.

YOUR HSA ROLLS OVER AT THE END OF THE YEAR

Your HSA dollars don't expire. Any balance rolls over into the next year, when you can continue to use the money to pay for your qualified medical expenses.

PREPARE FOR TAX REPORTING

In the next tax year, you will receive Form 1099-SA (account distributions) and Form 5498-SA (account contributions) for your records. To assist in preparing your taxes, consider reviewing your HSA.

- Visit the Highmark member website at www.highmarkblueshield.com and go to the Spending tab
- Review your HSA deposits and payments for 2014.
- Collect your receipts for HSA payments and confirm that they were for qualified medical expenses.
 - This would include purchases you made with your Debit Card, and claims for services you paid online.
 - Some services may have been paid automatically. You can print out a record of the claim and payment.
- View how much interest was earned on your HSA during the year.

MAXIMUM CONTRIBUTIONS

- The yearly maximum contribution allowed by the IRS is \$3,300 individual or \$6,550 family for the 2014 calendar year. (For 2015 this will be \$3,350 individual or \$6,650 family.)
- This is a total of contributions made by both you and your employer (if applicable). It includes funds contributed to all HSAs you maintained for the 2014 calendar year.
- If you are age 55 or older at the end of 2014, you can contribute \$1,000 more than the maximum amounts stated above.
- If you contribute more than the yearly maximum to your HSA, you will need to complete IRS Form 8889 and pay taxes on the excess contributions.

The foregoing should not be construed as legal or tax advice. Please discuss legal and tax issues involving your HSA with your financial or tax advisor. Contribution maximums can vary, so you should check the specific amounts set for each year in IRS Publication 969, which is available at www.irs.gov.

Sincerely:

Highmark Customer Service