

A Note From The President:

By: Jennifer Anderson



I wanted to take a few moments of your time to talk to you about Healthcare Spending Accounts.

A Healthcare Spending Account, or HSA, is paired with a high deductible insurance policy; account holders pay into the account pre-tax, and use that money to assist in paying their non-covered medical expenses or for prescriptions. However, there are some things about HSA's that many folks don't know about. The following are a few examples of little known features of HSA's.

Did you know that the money in an HSA is tax free if you use it towards qualified medical expenses? With that in mind, many financial advisors suggest maxing out your HSA before contributing to other, non-advantaged accounts.

People over 55 can also open a "spousal HSA"--basically, if your spouse already has an HSA, you can open one in your name as well. An additional \$1000 can be added to that spousal HSA!

Some HSA's have investment options--the chance to grow your money via low risk mutual funds and the like. The earnings are still tax deductible if they are used towards qualified medical expenses.

Those over the age of 65 can also withdraw money from their HSA for non-medical purposes. These withdrawals are subject to state and federal tax, but are not subject to the 20% penalty associated with disbursements taken before age 65 for reasons other than qualified medical expenses. Remember, the disbursements used for qualified medical expenses are tax free at any age!

One last thing to remember about HSA's: they are not meant to be an inheritance! The intention is for you to spend it on yourself (or yourselves) as the medical need arises. That being said, when the last surviving spouse dies, the HSA goes to its beneficiary. However, it is then taxable income for that person or persons.

Please contact our office if you have any questions about HSA's!

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Off Season Office HOURS



Albert Lea Office
Monday—Thursday
8 am to 5 pm
Closed 12pm-1pm

Wells Office
Wednesdays
8:30 am to Noon
(Alternate Times by Appointment Only)



Tri-State Tax and Accounting was represented at Summer in the City in Wells, MN by Kelli Tieggs, Jennifer Anderson, and William Feldmann.

The winner of the grand prize Twins tickets given away at Summer in the City was: Jessica Walters!

The winners of the Tax Season drawings were:

Lucas Schuster (Facebook testimonial)

and

Joe Francke (written testimonial)

Are your kids enrolled in Summer Day Camp? If they are attending camp so you (or you and your spouse) can work, you may be eligible for the dependent care credit. You will need to have a receipt, along with the Federal Tax ID number of the business you paid to take care of your child while you were working. Overnight camps do not qualify for the credit.

For more information, please call us.