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U.S. Health Savings Account (HSA) Introduction

A Health Savings Account (HSA) is a tax-advantaged account created for individuals who are covered under high-deductible health plans (HDHPs) to save for qualified medical expenses that are over and above an HDHPs coverage limits or exclusions.

You may enjoy several benefits from having an HSA. An HSA may receive contributions from an eligible individual or any other person, including an employer or a family member, on behalf of an eligible individual. Contributions, other than employer contributions, are deductible on the eligible individual's return whether or not the individual itemizes deductions. Employer contributions are not included in your gross income. An HSA is "portable." It stays with you if you change employers or leave the work force. Distributions from an HSA that are used to pay qualified medical expenses are tax free.

You must be an eligible individual to qualify for an HSA. An eligible individual is one who has a qualified HDHP, has no other health coverage, is not enrolled in Medicare, and is not claimed as a dependent on someone else's tax return.

Any eligible individual can contribute to an HSA. For an employee's HSA, the employee, the employee's employer, or both may contribute to the employee's HSA in the same year. For an HSA established by a self-employed (or unemployed) individual, the individual can contribute. Family members or any other person may also make contributions on behalf of an eligible individual. Contributions to an HSA must be made in cash. Contributions of stock or property aren't allowed.

The amount you or any other person can contribute to your HSA depends on the type of HDHP coverage you have, your age, the date you become an eligible individual, and the date you cease to be an eligible individual. For 2020, if you have self-only HDHP coverage, you can contribute up to \$3,550. If you have family HDHP coverage, you can contribute up to \$7,100.

You can make contributions to your HSA for 2019 until April 15, 2020.

Your employer can make contributions to your HSA from January 1, 2020, through April 15, 2020, that are allocated to 2019. Your employer must notify you and the trustee of your HSA that the contribution is for 2019. The contribution will be reported on your 2020 Form W-2, Wage and Tax Statement.

[Reference]: https://www.irs.gov/publications/p969#en_US_2019_publink1000204023



If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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