

IRS Announces: HSA contribution & Coverage limits for the 2012 tax year.

The funding limits for 2012 will be **\$6,250 for family coverage and \$3,100 for individuals**. For those 55 or older, an additional catch up contribution can be made in the amount of \$1,000.

The criterion that defines a HSA qualified plan has been modified. The minimum deductibles for a qualified plan remain at \$2,400 for family coverage and \$1,200 for individuals, while the out-of-pocket limits have been increased to \$12,100 for family coverage and \$6,050 for individuals.

A Health Savings Account (HSA) is one of several options used to pay for health care expenses. With an HSA, employees with a High Deductible Health Plan use pre-tax money to pay for qualified medical expenses. Employers benefit from increased tax and premium savings. Employees benefit by retaining a portable HSA savings account regardless of their employment status.

A Health Savings Account is an account established exclusively for the purpose of paying qualified medical expenses incurred by the account beneficiary and/or qualifying dependents. Health Savings Accounts allow employers and employees to make tax-free payroll contributions to the HSA Account to pay for certain out-of-pocket medical expenses. By paying for these expenses on a pre-tax basis, employees increase their take-home pay without costing the employer more money and the employer saves on payroll taxes for all participating employees.

An individual may establish a Health Savings Account (HSA), only if they are first covered under a High Deductible Health Plan (HDHP) and are not currently enrolled or participating in a Health FSA or HRA that may reimburse the same types of expenses.