

# HSA Tax Savings Worksheet

**Purpose:** This Tax Guide provides an estimate of your personal HSA tax savings. You are ultimately responsible for understanding your tax situation and you should consult with your tax or legal counsel for specific questions.

## 1 Income Tax Savings.

The amount contributed to your HSA may be eligible for federal and state tax deductions. Complete the chart below to estimate your tax savings.

- A. HSA Contribution Amount** – Enter the amount you intend to contribute to your HSA in Section A. Use the Eligibility and Contribution Worksheet to determine your maximum amount.
- B. Federal Tax Rate** - Use the Federal Tax Table below to determine your marginal Federal tax rate based on your “taxable” income and enter it in Section B (see pg 2 of this form for additional details).

Single	Married Filing Jointly	Marginal Tax Rate
\$0 – \$8,350	\$0 - \$16,700	10%
\$8,350 - \$33,950	\$16,700 - \$67,900	15%
\$33,950 - \$82,250	\$67,900 - \$137,050	25%
\$82,250 - \$171,550	\$137,050 - \$208,850	28%
\$171,550 - \$372,950	\$208,850 - \$372,950	33%
\$372,950 +	\$372,950 +	35%

A	HSA Contribution Amount	
B	Federal Income Tax Rate	
C	Estimated Federal Income Tax Savings (Multiply A x B)	
D	State Income Tax Rate	
E	Estimated State Income Tax Savings (Multiply A x D)	
F	<b>Estimated Income Tax Savings (Add C + E)</b>	

- C. Federal Tax Savings** - Multiply your HSA Contribution (A) by your Federal Tax Rate (B) and enter the result in Section C.
- D. State Tax Bracket** - You may also be eligible for an HSA state income tax deduction. If your state has an income tax and allows you to deduct your HSA contribution, then enter your personal State Tax Bracket in Section D. Most states provide the same tax break for HSA contributions that the federal government allows. However, some states (e.g., AL, CA, NJ, WI) do not provide an income tax deduction for HSAs, please check with your tax advisor to obtain the most current information.
- E. State Tax Savings** - Multiply your HSA Contribution (A) by your State Tax Rate (D) and enter the result in Section E.
- F. Total Income Tax Savings** - Add the Federal Savings (C) and the State Savings (E) to get an estimate of your Total Tax Savings.

## 2 Other Tax Benefits

You may also obtain other tax benefits from owning an HSA.

- A. Tax Deferred Earnings.** Earnings on HSA assets are not subject to tax and are allowed to grow tax-free while held within the HSA. This works similar to investments in other tax-deferred plans like 401k or IRA plans.
- B. FICA and FUTA Tax Savings** - Employer contributions made to your HSA or contributions made through an employer provided Section 125 Cafeteria Plan are eligible for additional tax savings. These HSA contributions are not subject to taxes for Social Security and Medicare taxes, FICA, (6.2% for individual plus another 6.2% for the employer) or Federal Unemployment Taxes, FUTA, (1.45% for individuals plus another 1.45% for employers), providing an additional 7.65 % tax savings for you and for your employer.

## 3 How it works, Federal Tax Deduction for HSAs.

Either your HSA contribution is never counted as income to you or you may deduct your eligible HSA contribution directly on your tax return.

- A. Employer HSA Contributions.**  
Generally, employer contributions are not considered income to you because the contribution is made pre-tax and not included on your W-2.
- B. Non-Employer HSA Contributions.**  
Your HSA is a direct deduction from your Adjusted Gross Income, this means that every dollar contributed reduces your taxable income. You do not have to itemize your taxes to receive this benefit.

Form **1040** Department of the Treasury—Internal Revenue Service **2009**  
**U.S. Individual Income Tax Return**

Adjusted Gross Income

24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889.	25	
26	Moving expenses. Attach Form 3903.	26	

# HSA Tax Savings Federal Tables & Chart

Below are two charts: (1) a 2009 Federal Tax Table and (2) a HSA Tax Savings table published by the US Treasury to guide you in determining your HSA tax savings from a federal income tax perspective. This gives you another method to estimate your Federal income tax savings from an HSA contribution. See <http://www.ustreas.gov/offices/public-affairs/hsa/> for a copy.

## 1 Tax Table - Notes

\* This tax table includes married filing separate and head of household in addition to single and joint on the previous page.

**Please note:** your "taxable" income is reduced by the amount of your HSA contribution. Accordingly, if your HSA contribution amount reduces your tax rate, your tax savings are also reduced.

If your taxable income is near one of the tax rate thresholds then your tax savings may require the use of two tax rates to determine your actual savings. This Worksheet does not provide for that instance. Use this Worksheet only to estimate your tax savings. Your actual tax savings may vary. Table 2 below gives you another method to estimate your Federal Tax savings. If you use both estimating tools, you should achieve a representative estimate of your tax savings.

Single	Married Filing Jointly	Married Filing Separately	Head of Household	Marginal Tax Rate
\$0 - \$8,350	\$0 - \$16,700	\$0 - \$8,350	\$0 - \$11,950	10%
\$8,350 - \$33,950	\$16,700 - \$67,900	\$8,350 - \$33,950	\$11,950 - \$45,500	15%
\$33,950 - \$82,250	\$67,900 - \$137,050	\$33,950 - \$68,525	\$45,500 - \$117,450	25%
\$82,250 - \$171,550	\$137,050 - \$208,850	\$68,525 - \$104,425	\$117,450 - \$190,200	28%
\$171,550 - \$372,950	\$208,850 - \$372,950	\$104,425 - \$186,475	\$190,200 - \$372,950	33%
\$372,950 +	\$372,950 +	\$186,475+	\$372,950+	35%

## 2 US Treasury Table

### US Government Prepared Table Reflects Tax Rates Government Has Not Updated for Recent Years

#### Reduction in Federal Income Tax from HSA Contributions in 2007

##### Illustrative Examples

HSA Contribution	Income					
	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000
<b>Single Taxpayer</b>						
\$500	75	75	125	125	140	140
\$1,000	150	150	250	250	280	280
\$1,500	225	225	375	375	420	420
\$2,000	300	300	500	500	545	560
\$2,500	375	375	625	625	670	700
\$2,850 <sup>1/</sup>	428	428	713	713	758	798
<b>Head of Household with 1 Dependent Child</b>						
\$1,000	100	150	150	300	260	260
\$2,000	200	300	300	600	520	520
\$3,000	300	450	450	900	780	780
\$4,000	400	600	600	1,200	1,040	1,040
\$5,000	500	750	750	1,500	1,300	1,300
\$5,650 <sup>1/</sup>	535	848	848	1,663	1,469	1,469
<b>Married Couple with No Dependents</b>						
\$1,000	100	150	150	150	250	260
\$2,000	200	300	300	300	500	520
\$3,000	250	450	450	450	750	780
\$4,000	250	600	600	600	1,000	1,040
\$5,000	250	750	750	750	1,250	1,300
\$5,650 <sup>1/</sup>	250	848	848	848	1,413	1,469
<b>Married Couple with 2 Dependent Children</b>						
\$1,000	0	103	150	150	260	310
\$2,000	0	203	300	300	520	620
\$3,000	0	303	450	450	780	930
\$4,000	0	403	600	600	1,040	1,240
\$5,000	0	503	750	750	1,300	1,550
\$5,650 <sup>1/</sup>	0	568	848	848	1,469	1,719

April 10, 2007

<sup>1/</sup> Maximum contribution allowable.

Note: Assumes: all income is from wages and salaries; taxpayers use the larger of the standard deduction or itemized deductions of 18 percent of income before HSA contributions; heads of household and married couples with children have dependents eligible for the child tax credit and the earned income tax credit; and the Alternative Minimum Tax (AMT) exemptions will be \$45,000 for married taxpayers filing jointly and \$33,750 for single and head of household taxpayers.