HSA SMARTNEWS!

April 2014

IRS Form 5498-SA and Your HSA

If you made contributions to your Health Savings Account (HSA) in 2013, The Bancorp will soon send you **IRS Form 5498-SA**. Please note that this form is NOT needed for tax filing. It is provided to you for record-keeping purposes only. The form shows the total amount of contributions credited to an HSA for 2013, as well as rollover amounts and year-end fair market values. We will mail your form by May 31, 2014 and a copy will be sent to the IRS on your behalf.

Since you are able to make 2013 HSA contributions until April 15, 2014, IRS Form 5498-SA is always sent after the tax-filing deadline to include all deposits. When you receive the form, please review it carefully and keep it with your 2013 income tax files.

Please note: You always have the option to go online and view current and prior-year contribution and distribution totals for your HSA.

Save More HSA Dollars, Save More Tax Dollars

Here's an HSA tax-saver tip: Increase the contributions to your Health Savings Account and achieve greater savings when you file your taxes.

Any monies you put into your HSA within the allowable annual limit will:

- Reduce federal income taxes by reducing your adjusted gross income
- Reduce state income taxes (in most states)

Example: You have family coverage in a High Deductible Health Plan, and your income falls in the 25% tax bracket. If you contribute $1,000 to your HSA, your estimated annual tax savings would be $250. Boost your HSA contribution to $2,000 and your annual tax savings jumps to $500.*

If you're currently contributing to your HSA, re-evaluate and see if you can save more. If you're not contributing, consider getting on a regular savings schedule. Make sure you reap all the valuable tax benefits your Health Savings Account has to offer.

*This information is not intended to serve as a substitute for tax advice from a qualified professional.

Healthcare Costs in Retirement: Will You Be Ready?

The gap between what people are saving for retirement and what they will actually need is wide. One crucial retirement expense that many people neglect or underestimate when feathering their nest egg: the cost of healthcare.

In its most recent retiree healthcare costs estimate, Fidelity Benefits Consulting projects that a couple retiring at age 65 in 2014 will need $220,000 to cover post-retirement medical expenses. This estimate assumes that individuals qualify for Medicare.

HSAs help fill the savings gap

The Health Savings Account (HSA) is an ideal way to save for your retirement healthcare costs. Think of it as a 401(k) for healthcare. Funds can remain in the account year after year, earning tax-free interest until you need to use them. When you reach age 65, you can use your HSA to pay for medical expenses, including Medicare premiums, or use the money for any other purpose. You decide!

Your HSA funds are always available for qualified medical expenses you may have before you retire. But if you can let your HSA continue to grow, you will be making an important investment for your retirement years.

You're never too young to start saving for your future!