

A health plan qualifies as a High Deductible Health Plan if the annual minimum deductible is at least \$1,300 for single coverage or \$2,600 for family coverage and the maximum out-of-pocket limit is \$6,550 for single coverage and \$13,100 for family coverage for 2017.

For 2018, the minimum deductible is \$1,350 and the maximum out-of-pocket limit is \$6,650 for single coverage. For family coverage the minimum deductible is \$2,700 and the maximum out-of-pocket limit is \$13,300. These figures are subject to be adjusted by the IRS for inflation each year.

For tax year 2017, contributions are limited to \$3,400 for single coverage and \$6,750 for family coverage. For tax year 2018, the contribution limit for single coverage is \$3,450 and \$6,850 for family coverage. A catch-up contribution of \$1,000 is available to persons age 55 and older. The contribution limits are adjusted for inflation each year. Contributions may be made for the prior tax year until April 15.

You can make no further contributions after age 65; however, the account may remain open to pay for qualified medical expenses.

Effective January 1, 2011, it will no longer be permissible to use the HSA to pay for over the counter medications and other non-prescription drugs without a prescription. Medical expenses qualified or non-qualified are explained in IRS Pub. 502. You can find this publication online at <https://www.irs.gov/pub/irs-pdf/p969.pdf>

HSA distributions used for non-qualified medical expenses are subject to ordinary income tax and, if taken before age 65 is 20% IRS penalty tax. (Unless the distribution is because of death or disability).