Did you know you can use an HSA, MSA or an HRA to pay long-term care policy premiums?

An HSA is a valuable tool tied to a high deductible health insurance plan that can help pay for qualified health care expenses. You get a tax deduction on your contributions and your benefits grow tax deferred. Plus, the distributions are tax-free if used for medical expenses. That's a triple threat! Since long-term care insurance premiums are considered a medical expense, you can use your HSA to pay your premiums.

Tax-Qualified

To qualify for a tax-free HSA withdrawal, your long-term care insurance policy must be considered tax qualified. A tax-qualified long-term care insurance policy must follow guidelines that are in IRC 7702(B). "Tax-qualified" means that your policy must be guaranteed renewable, it can only pay for long-term care expenses, and it can't have any cash value.

These hybrid policies are structured so that the life and long-term care premiums are separated. Since the premiums are "separately identifiable," they meet the definition of tax-qualified under IRC 7702(B) and you can withdraw money tax-free from your HSA to pay the LTC premium, but not the life premium.

How Much Can I Withdraw Tax-Free from My HSA?

You can take a tax-free HSA withdrawal to pay long-term care insurance premiums, but only up to your Eligible age-based limit. The age-based limits in **2023** are:

- 40 and under: $480
- 41-50 yrs old: $890
- 51-60 yrs old: $1,790
- 61-70 yrs old: $4,770
- 71 and older: $5,960

If you have check writing capability from your HSA, you can write a check directly to the insurance company (up to the Eligible age-based limit) OR you can reimburse yourself from your HSA (up to the Eligible age-based limit). You can also use your HSA to pay premiums for your spouse and current tax dependents.

For more information, please contact Peggy Fields, Sr. Long-Term Care Consultant (Lic: 4175824).
Email: peggy.fields@acsiapartners.com
Text: 704-839-1158
Website: peggyfields.acsiapartners.com

Long-Term Care Solutions
To Protect Your Family & Finances

Peggy Fields
Multi-State Licensed Agent
peggyfields.acsiapartners.com
Cell: 704-839-1158
Peggy.Fields@acsiapartners.com

Acsia Partners is the largest agency in America for Quality Long-Term Care Insurance Coverage

ACSIA PARTNERS