

HSA Tax Savings

Reduction in Federal Income Tax from HSA Contributions in 2006

Illustrative Examples

HSA Contribution	Income					
	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000
Single Taxpayer						
\$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	560	560
\$2,500	375	375	625	625	700	700
\$2,700 ^{1/}	405	405	675	675	756	756
Head of Household with 1 Dependent Child						
\$1,000	100	150	250	300	260	260
\$2,000	200	300	455	600	520	520
\$3,000	300	450	605	900	780	780
\$4,000	400	600	755	1,200	1,040	1,040
\$5,000	500	750	905	1,500	1,300	1,300
\$5,450 ^{1/}	545	817	973	1,613	1,417	1,417
Married Couple with No Dependents						
\$1,000	100	150	150	150	250	260
\$2,000	200	300	300	300	500	520
\$3,000	300	450	450	450	750	780
\$4,000	310	600	600	600	1,000	1,040
\$5,000	310	750	750	750	1,250	1,300
\$5,450 ^{1/}	310	817	817	817	1,362	1,417
Married Couple with 2 Dependent Children						
\$1,000	0	150	150	150	260	310
\$2,000	0	270	300	300	520	620
\$3,000	0	370	450	450	780	930
\$4,000	0	470	600	600	1,040	1,240
\$5,000	0	570	750	750	1,300	1,550
\$5,450 ^{1/}	0	615	817	817	1,417	1,667

November 3, 2005

^{1/} Maximum contribution generally 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; and heads of household and married couples with children have dependents eligible for the child tax credit and the earned income tax credit. HSA contribution may not exceed the health plan deductible. Assumes that 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.