

Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

Second Quarter Tax
Estimates are due
June 15, 2016.
If you want us to
prepare them for
you, we need your
income, deductions
and withholding
amounts in our
office by
June 9, 2016.

*Please call our office to
discuss any of the items
in this newsletter that
may pertain to you.*



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Health Savings Account Advantages

Do you have a Health Savings Account (HSA), or access to one? More employers seem to be switching to health insurance plans that include HSA accounts.

Many people with these accounts don't make full use of them, thus paying more in taxes than required. Some employers will put a small amount of money in these accounts and many employees don't put anything into their HSA. When they have medical expenses, they use money that has already been taxed to write out a check or charge the expense.

But most people rarely get to write off these medical expenses because to do so they need to exceed 10% of their total income. This can amount to thousands of dollars that are not deductible.

Depending on the type of HSA plan - (single or family) and your age (under 55 or 55 and over) - you can put thousands of dollars into the plan each year. Then you can take a deduction on your tax return for the contributions you make to the plan.

When you use that money

to pay your medical bills, you are using tax free money. That saves a lot in taxes. If you don't use the money in the year of the contribution, the money just accumulates until you have medical needs. You can then use the money for medical expenses in a later year.

We had a lot of clients that came into our office this year and didn't understand that they could save thousands of dollars in taxes by maximizing the use of their HSA account. If you have out of pocket medical expenses, make sure the money goes into the HSA account, and that money is used to pay the medical bills.

If you don't have out of pocket medical expenses in the current year, you can still put contributions into the HSA, take a tax write off for it, and use them in a later year. The money in the account is yours to use for medical expenses whenever you want. You don't lose the money.

Call our office for any additional information as well as the contribution amounts that would pertain to you.



Document Unaffordable Health Premiums

More people are paying tax penalties for not having the required health insurance. If you try to secure insurance and feel the premiums are not affordable, make sure you have some documentation showing the premium amount.

If the amount is considered unaffordable, you could be exempt from the penalties. Make sure you get this information to us along with your 2016 tax documents.

