

## **OPEN A MONTANA MEDICAL SAVINGS ACCOUNT BEFORE DECEMBER 31 FOR 2018 INCOME TAX SAVINGS**

According to Marsha Goetting, MSU Extension Family Economic Specialist, now is the time to open a Montana Medical Saving Account before December 31 for income tax saving.

Have you had any medical expenses so far this this year that haven't been covered by your health insurance policy or a flexible spending account (FSA)? If you said yes, did you know you can open a Montana Medical Care Savings Account (MSA) by Dec. 31 to cover those expenses and save state income taxes? If you establish an MSA and deposit up to \$3,500, (the maximum in 2018) you can reduce your 2018 Montana adjusted gross income by that amount and resulting in a tax savings of about \$242

This tax advantage does not apply to your federal income taxes and should not be confused with the Federal Health Savings Accounts (HSAs) or Federal Flexible Spending Plans (FSAs). You do not have to be in a high deductible health insurance plan to be eligible for an MSA. And, unlike an HSA, you can be age 65 and over and still be eligible for an MSA.

If you do not use any money deposited in your MSA during the year it was deposited, it remains in the account and earns interest that is free from Montana income taxation. The money in the MSA then can be used for eligible medical care expenses in future years.

If you have already paid your 2018 medical bills either by check, cash, or credit/debit card, you can add up those eligible expenses, make a deposit by December 31 and reimburse yourself from the MSA account on the same day for eligible expenses paid January through December.

The key word is paid. You can reimburse yourself for *paid* eligible medical expenses by the end of the year. But if you haven't yet paid those bills because your health insurance company hasn't sorted out what it will pay and what you still owe, you still can reimburse yourself for those unpaid 2018 eligible expenses during 2019.

The amount you can use to reduce your Montana income is the total deposited, not the amount used for medical expenses during the tax year. For example, if you deposited \$3,500 in an MSA but only used \$500 for eligible medical expenses during 2018, you still get to reduce your income by \$3,500. The remaining \$3,000 is available for paying medical expenses in future years.

An MSU Extension MontGuide will help you decide if you would benefit from a Montana medical care savings account. The publication (MontGuide 199817 HR) can be downloaded free <http://msuextension.org/publications/FamilyFinancialManagement/MT199817HR.pdf>  
A copy can also be obtained from our local office, located in the Powell County Courthouse or by calling 846-9791