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NEWS

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New Contribution Limit for HSA's in 2024

The IRS shared the new contribution limits for 2024, and families are now eligible to save up to \$10,300 in qualifying Health Savings Account (HSA).

Who Qualifies?

Individuals and families who have a high deductible health plan, and are not currently enrolled in Medicare, are eligible for a Health Savings Account.

What are the Benefits of an HSA?

A HSA is a great savings tool for medical expenses. While one can tap into their 401(k) or IRA to pay for medical expenses, it is not ideal, and HSAs offer tax incentives to account holders. Both contributions and withdrawals for eligible healthcare expenses are tax-free in Health Saving Accounts, and all growth is tax-free.

Here We Go Again - Episode 79 of the "Debt Ceiling"

Every few years in a divided government, we get treated to a new episode of politicians facing off in public about the "debt ceiling". This latest episode will mark the 79th time that the debt ceiling has been raised, revised or extended since 1960. For first-timers, the "debt ceiling" or debt limit is the total amount of money that the United States government is authorized to borrow to meet its existing legal obligations, including Social Security and Medicare benefits, military salaries, interest on the national debt, tax refunds, and other payments. Regardless of who is in power, the exercise is simply a political food fight, where the party that doesn't hold the executive branch uses the debt ceiling as leverage to push for spending cuts or budget concessions. The debt ceiling has been amended 49 times under Republican presidents & 29 times under Democratic presidents.

Is this time different? We don't think so. While it is true that our great country is terribly divided, and the political landscape is a canyon of despair, this is really the historical status quo for politics and division in the United States. All one needs to do is examine the previously mentioned list of obligations that would be impacted should anarchist politicians decide to "pull the plug" to know that doing so would amount to political suicide. It may go to the 11th hour, but odds are extremely high that history will repeat itself, the ceiling will be

Eligible HSA Expenses

Eligible medical expenses include:

- Medical deductibles
- Copays
- Vision Expenses
- Dental Expenses
- Hearing Expenses
- Prescription Medication
- Long-Term Care
- Medical Part B Premiums

New Contribution Limits

The Internal Revenue Service increased the HSA contribution limit by just over 7% for the 2024 calendar year. If you have not contributed to an HSA yet, consider maxing out your HSA for this year before April 15th of 2024!

2023 HSA Contribution Limits:

Individual Coverage: \$3,850

Family Coverage: \$7,750

2024 HSA Contribution Limits:

Individual Coverage: \$4,150

Family Coverage: \$8,300

All Individuals 55+: Additional \$1,000/per person

Sources: <https://www.wsj.com/articles/couples-can-soon-put-over-10-000-a-year-into-health-savings-accounts>

<https://www.wsj.com/articles/what-costcos-baskets-reveal-about-consumer-finances-69c3ebdd>

<https://www.whitehouse.gov/cea/written-materials/2023/05/03/debt-ceiling-scenarios/>

<https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and->

raised and the potential crisis will be averted. In the meantime, we'll likely be treated to more fireworks and heightened volatility in financial markets.

Signs of a Consumer Pullback

Our meetings for the past year have been filled with anecdotal evidence of the upper-middle class, and even those firmly in the upper class, being a little more cautious with their spending. Inflation comes for everyone, and concrete evidence is starting to pile up to support the notion that well-heeled consumers are starting to feel the pain.

Costco's most recent monthly report showed a 4.2% decline in average daily transactions. The company's CFO noted less spending on big-ticket discretionary items, and a shift in consumer preference from pricier beef to more poultry & pork, and even canned chicken & tuna products.

Recent reports from Walmart & Dollar Tree showed similar trends. Both companies reported a rise in market share among higher-income households, as consumers begin to seek out lower cost alternatives to pricier upscale grocery chains.

While this may sound like a negative for the economy, slowing consumer spending may have a silver lining. Both Walmart & Costco said they are watching the fall in commodity prices and are pushing vendors aggressively for price reductions. This, coupled with a retail environment that is becoming more promotional, is yet another sign that we should see inflation continue to dissipate.