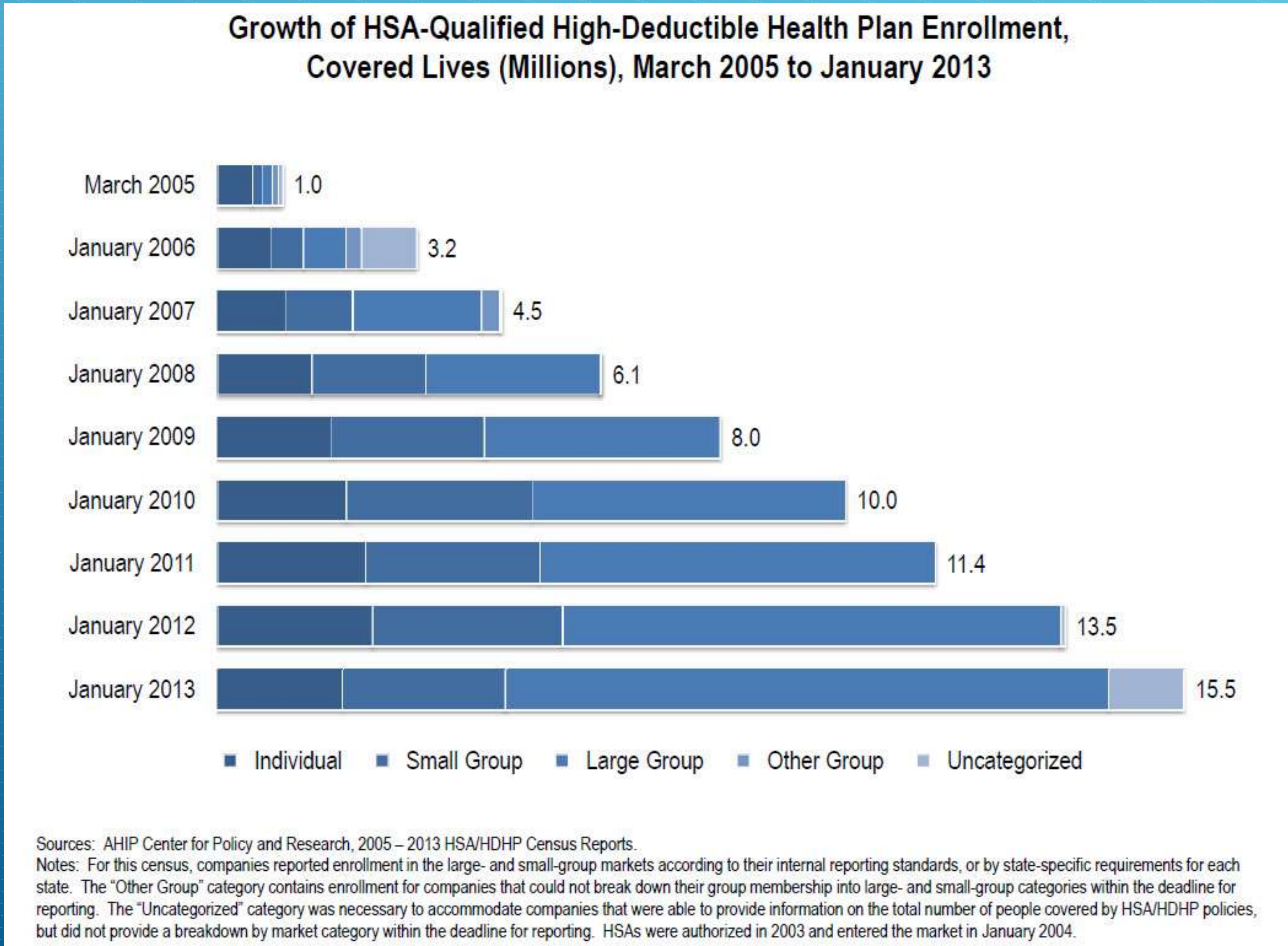
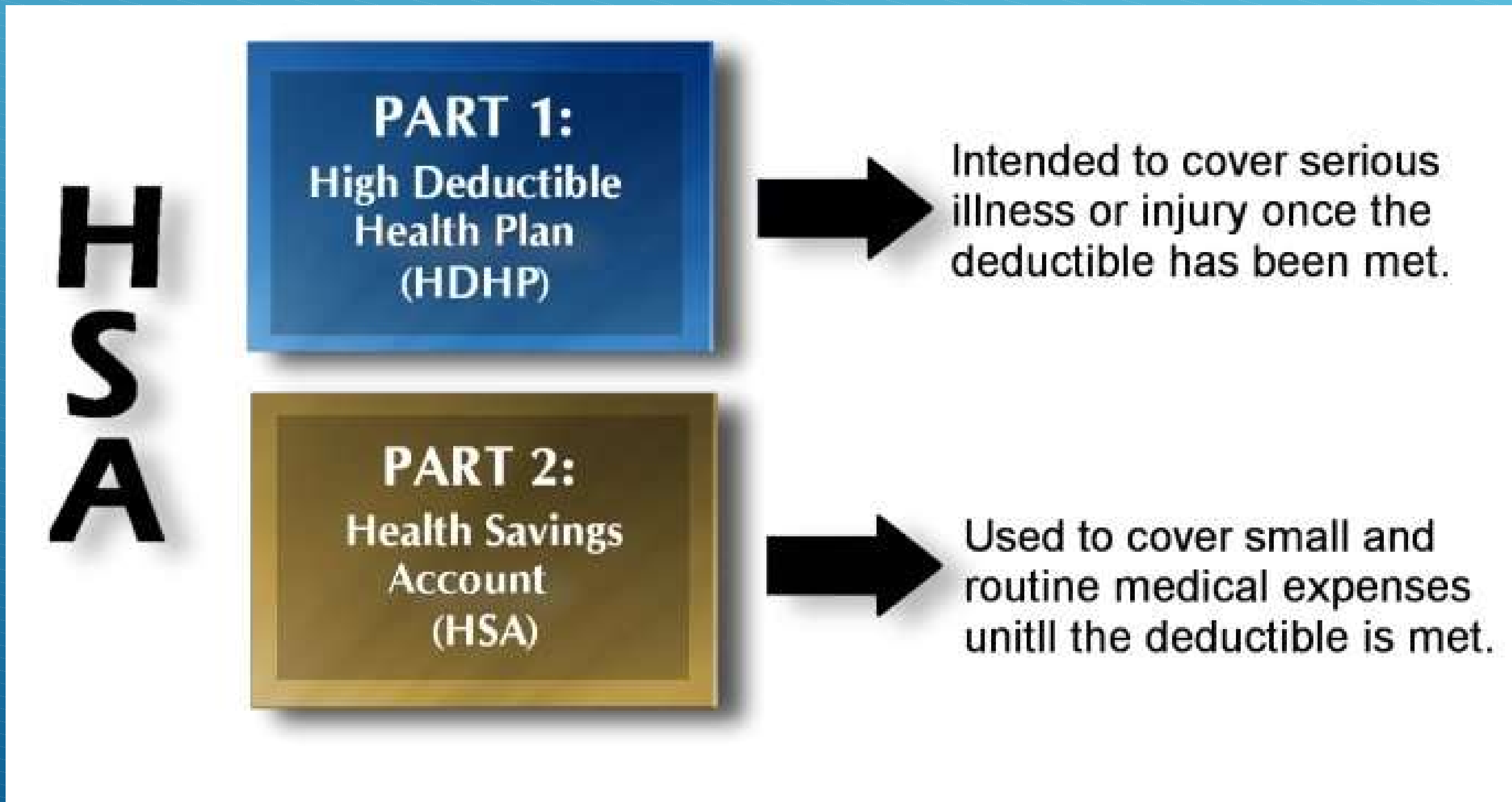
Health Savings Accounts!

A healthy financial choice...



- 1450% growth in 8 years!
- Why?
- Value to business and employee

Health Insurance and Health Savings *together*.



Qualifying for an HSA

- Must have an HDHP
- No additional health coverage*
- Not on Medicare
- Not a Dependent

But what does high deductible mean?

	Minimum Deductible	Maximum Out-of-Pocket*
Single	$1,300.00	$6,450.00
Family	$2,600.00	$12,900.00

*Max out-of-pocket expenses does not apply to out-of-network providers.

Be sure to review provider network to avoid additional costs!

Waitaminute…back up…
I have additional health coverage!

- Worker's comp./tort/ownership liabilities OK.
- Specific disease or illness OK.
- Per diem hospitalization OK.
- Accidents, Disability, Dental Care, Vision Care, and Long-term care policies are all OK.*

The IRS is confusing…

*Some policies can limit your participation in an HSA if they are *substantially* for the previous items.

If your plan provides benefits *before* meeting the deductible, proceed with caution.

If you have additional coverage, consult the provider and get something in writing.

Wait… I have to deal with the IRS?

- Thankfully, no.

- We document your deposits & withdrawals, the insurance company does it’s thing, all you do is swipe!

“Triple tax advantages”

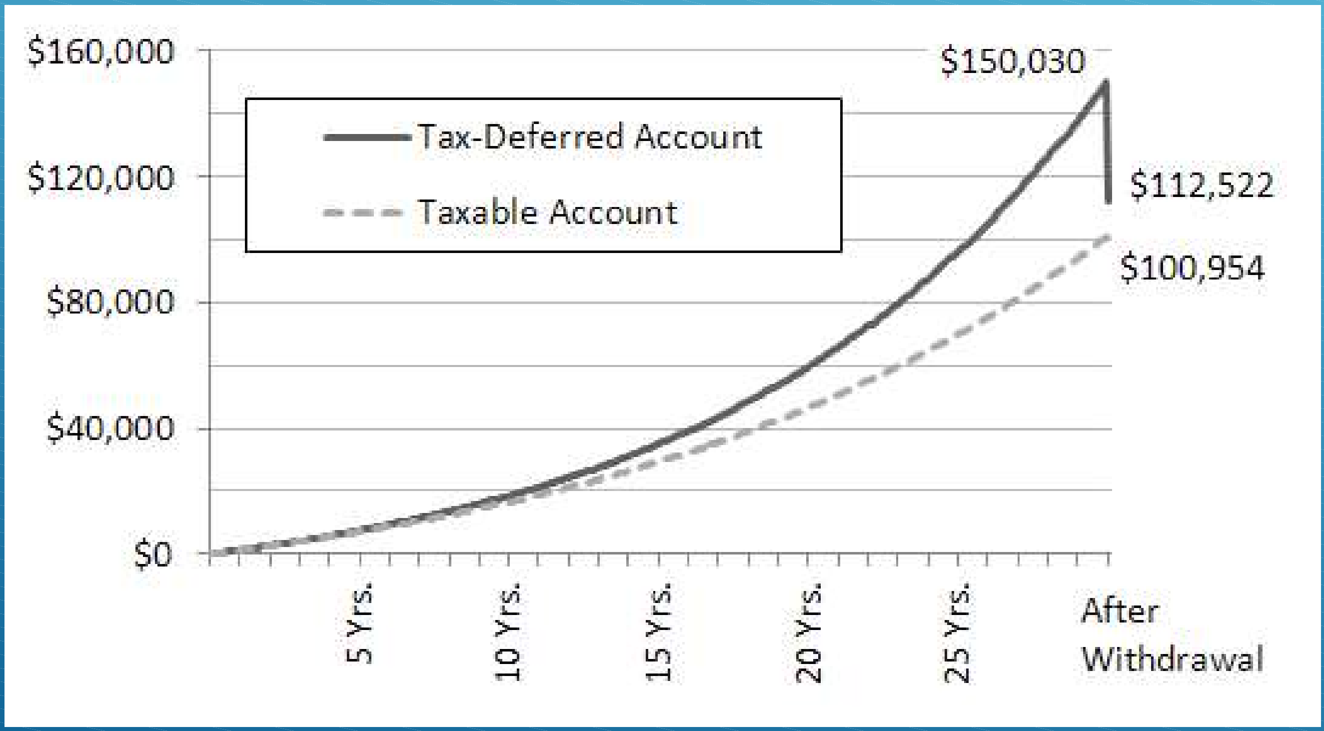
- Income-tax Deductible.
- Tax-deferred Growth.
- Tax-free for Qualified Expenses.

Income-Tax Deductible

- Contributions can be deducted from gross income whether or not you itemize!

Contributions by your employer CANNOT be deducted… but those aren’t considered income anyway.

Tax-deferred Growth



Your money grows without additional taxation!

Tax-free for Qualified Expenses

- The IRS allows tax-free withdrawals for essentially any *medical* expense.
- Preventative care and screenings are included.
- Any withdrawals for non-qualified expenses are taxed as income *plus* a 20% penalty!

So what is a qualified expense again?

Eligible medical expenses may include:
Acupuncture
Alcoholism
Ambulance
Annual Physical Examination
Artificial Limb
Artificial Teeth
Autoette
Bandages
Birth Control Pills
Body Scan
Braille Books and Magazines
Breast Pumps and Supplies
Breast Reconstruction Surgery
Capital Expenses
Car
Chiropractor
Christian Science Practitioner
Contact Lenses
Crutches
Dental Treatment
Diagnostic Devices
Disabled Dependent Care Expenses
Drug Addiction
Drugs
Eye Exam
Eyeglasses
Eye Surgery
Fertility Enhancement
Founder's Fee
Guide Dog or Other Service Animal
Health Institute
Health Maintenance Organization (HMO)
Hearing Aids
Home Care
Home Improvements
Hospital Services
Insurance Premiums
Intellectually and Developmentally Disabled, Special Home for
Laboratory Fees
Lactation Expenses
Lead-Based Paint Removal
Learning Disability
Legal Fees
Lifetime Care—Advance Payments
Lodging
Long-Term Care
Meals
Medical Conferences
Medical Information Plan
Medicines
Nursing Home
Nursing Services
Operations
Optometrist
Organ Donors
Osteopath
Oxygen
Physical Examination
Pregnancy Test Kit
Prosthesis
Psychiatric Care
Psychoanalysis
Psychologist
Special Education

Visit: Irs.gov

See: Publication 502/969

What about prescriptions?

- Absolutely!
- Insulin is also eligible.
- If you can buy it OTC, get a prescription.

What about premiums?

- Generally, no.
- Long-term-care insurance is OK.
- COBRA is OK.
- While receiving unemployment.
- Medigap OK…

What about…

Cosmetic Surgery?	No
Health Club Dues?	No
Illegal Operations/Treatment?	No
Maternity Clothes?	No
Toiletries?	Sorry, no

Additional Benefits:

- Portability
- No “use it or lose it”

Portability = Rollover

- You do not need to be enrolled in an HDHP.
- Rollovers are not contributions.
- You can do one annually.
- You must place funds within 60 days.

So how much can I put in this account?

	Contribution Limit	55+ Limit
Single	$3,350.00	$4,350.00
Family	$6,650.00	$7,650.00

*Excess contributions are *generally* taxed at 6%. Consult form 5329 to figure the tax; you *may* be able to deduct contributions from prior years.

Reporting Contributions

- We send a form 5498-HSA by January 30.
- You use a form 8889 along with your 1040 or 1040NR.
- You can contribute until April 15 for the previous tax year.

What if I put the money away but need it for something else?

- Any withdrawals for non-qualified expenses are taxed as income *plus* a 20% penalty!

- 65+, total disability, death are exceptions.

What if I die?

- Ownership transfers to your spouse as an HSA.
- If beneficiary is not your spouse, it is not an HSA, and is taxable at fair market value.