



Debra L. Sears

HSAs and Flex Plans Can be of Great Benefit...

There Are Things That You Should Know!

H SAs are IRA-like savings accounts for taxpayers covered by high deductible health

insurance plans. If you meet the tax law requirements, you can make contributions to the plans. Withdrawals are tax-free for unreimbursed health costs; any unused amounts accumulate tax-free and can be used for future expenses and the best part...they can also be withdrawn as taxable penalty-free payments at retirement.

Who Can Get An HSA and What is Covered?

To take advantage of an HSA you must first be covered by a High Deductible Health Plan (HDHP). You cannot be receiving coverage under another health insurance plan, be a dependent on someone else's plan or be enrolled in Medicare. The HDHP premiums typically run about 50% lower than some traditional plans. An HSA works in conjunction with the HDHP.

The HSA money can be used to help pay for the health insurance deductible and "qualified medical expenses" not covered by the health insurance, including dental and vision expenses. HSA accounts earn tax-free interest. By using your local bank and a debit card for your "qualified medical expenses" you will have an electronic record of all deposits and expenses to keep with your income tax records.

For 2010, the federal laws limits tax deductible HSA annual contributions to \$3,050 for singles and \$6,150 for families. The out-of-pocket expense limits for HDHPs are \$5,950 for singles and \$11,900 for families.

Most medical, dental and vision expenses will be reimbursed under your HSA with some exceptions. A list of reimbursable expenses is available on the IRS website, www.irs.gov.

HSAs For the Self-Employed: If You Are In Charge...Take Charge!

The benefits of an HSA:

- Reduce your monthly premiums
- Grow your account until retirement like an IRA account
- There are NO network restrictions – choose your own doctors and hospitals
- Pay your medical expenses with pre-tax dollars

If you already have medical savings accounts (MSAs) you can

roll the amounts over into a new HSA. Your contributions are deductible. We are not CPAs and do not offer tax advise; we recommend that you consult with your accountant or ask us for a referral.

We have HSA Comparison Tables for single and family plans for your reference when we consult with you.

One-Time Flex-Plan Rollover Provision

This provision allows taxpayers to roll health flexible spending account (cafeteria plan) balances into HSAs. The rollover is available only one time and is limited to the balance in your flex plan account as of September 21, 2006. It can be done through December 31, 2011. There are several requirements that you must meet:

- You have to qualify to have an HSA
- The funds must be rolled directly into the HSA
- The employer has to allow all employees covered by HDHPs to make the rollover

It is highly recommended that you consult your tax advisor and know your position now and going forward for the upcoming tax law changes. We work as a team with you, your attorney, your tax advisor and your financial planner to achieve the best recommendation and fit for all of your decisions. Choices and options are very necessary...life changes, laws change, health and age change, your occupation or business change and we are here to guide you. *

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