Healthcare Savings Account

To become eligible for a Healthcare Savings Account (HSA), you must be covered by an HSA-qualified insurance plan. Although the HSA provides excellent flexibility in how you manage your money, sometimes the options available are overlooked.

Once you open an HSA, the money in the account is yours to…

Own. The money in your Health Savings Account is always yours, even if you change jobs, switch your health plan, become unemployed, retire or move to another state.

Grow. The money in your account earns interest and any unused funds roll over from year to year.

Save. HSA deposits are tax-free, interest earnings are tax-free and withdrawals for qualified medical, dental, vision and prescription expenses are tax-free.

Choose. Use for current expenses. Save for future planned or unexpected expenses. It's your money. It's your future. It's your HSA.

<u>Three Key Features to Remember</u>

1. Contributions to your HSA were less than the IRS limit for the year. Now that you are preparing your taxes, you wish you had put in more. Lucky you! You may make additional contributions for the prior year until the earlier of April 15 or the day you file your taxes.

2. You incur an unexpected qualified healthcare expense and don't have enough funds to cover it. You pay your expense from another source. When you do have enough in the account, you may reimburse yourself.**

3. You want to accumulate funds in your HSA to cover an upcoming qualified healthcare expense or for an unexpected event, so you decide to pay for all qualified expenses less than a specific threshold from your regular account. Whenever you are ready, you may reimburse yourself for all those expenses, e.g. $1,000 qualified expenses per year over the past 10 years = $10,000.** Enjoy yourself!

Three Pitfalls to Avoid

1. Any qualified healthcare expense incurred prior to opening your HSA is not eligible for reimbursement from your HSA.

2. Having more than one account.

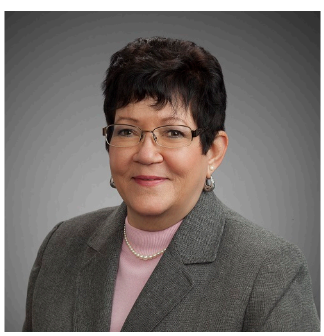
3. Failing to cease contributions to your HSA once you are enrolled in Medicare, even Part A.

Oh, and the most asked question is who should not choose an HSA-qualified plan. The answer is simple – anyone who is unwilling to fund the HSA will be unhappy with the insurance coverage.

*The IRS limits the amount you may contribute each year. There is no limit on the amount you can accumulate.

**Save or scan receipts to your computer.

Note: All HSA-qualified plans are classified as High-Deductible Health Plans (HDHP) although not all HDHP's are HSA-qualified plans.



D. Elizabeth Purdy-Bergin, CEBS

Vice President

Sleeper Sewell

Direct: 972-419-7553

Mobile: 214-912-7662

SLEEPER SEWELL