

Health Savings Accounts are a combination of a 401K type investment program and a high deductible health insurance plan.

The advantages of a Health Savings Account (“HSA”) are:

- You save money on health insurance premiums.
- All contributions to the HSA are tax deductible.
- Either an employee or employer or both can make contributions.
- The investment build up in the HSA is tax-free.
- Money can be taken out of the HSA for medical expenses tax-free.
- Money taken out of the HSA for expenses other than medical after age 65 are taxed as ordinary income.
- The money in the HSA can be invested like a 401K or IRA.
- The HSA is portable.
- HSA funds can be used to pay COBRA premiums or Long Term Care premiums.

The 2011 HSA rules are:

- The single employee minimum deductible is \$1,200.
- The employee who has a covered spouse or children must have a minimum deductible of \$2,400.
- The maximum out of pocket expenses for a single employee is \$5,950.
- The maximum out of pocket expenses for an employee with a spouse or children is \$11,900.
- The maximum contribution for a single employee is \$3,050. Plus \$1,000 if the employee is 55 or older.
- The maximum contribution for an employee with a spouse or children is \$6,150. Plus \$1,000 if the employee is 55 or older.
- Money taken out of the HSA prior to age 65 for reasons other than medical is taxed as ordinary income with a 20% penalty.

Qualified Medical Expenses

Medical expenses that qualify for tax-free withdrawal from your HSA account:

Most of the expenses below qualify as a tax-free withdrawal from your HSA, unless the expenses were reimbursed by your health care coverage. The following list is provided as reference only and is not meant to be comprehensive. For a complete list of qualified expenses see IRS Publication 502. To order IRS Publication 502, call 1-800-TAX-FORM. Or visit their website @ www.irs.gov

- Abortion
- Acupuncture
- Alcoholism Treatment
- Ambulance
- Artificial Limb
- Artificial Teeth
- Birth Control Pills
- Blood Donor Expenses
- Braille Books & Magazine
- Capital Expenses
- Chiropractor Fees
- Christian Science Practitioner
- COBRA Payments
- Contact Lenses
- Coinsurance
- Crutches
- Deductible
- Dentist Fees
- Diagnosis
- Diathermy
- Drugs (legal, prescription, or insulin)
- Elastic hose, medically prescribed
- Eyeglasses
- Eye Examination
- Examination, physical
- Fertility Enhancement
- Gynecologist
- Halfway House Residency
- Hearing Devices
- Home Medical Equipment
- Hospital Fees
- Laboratory Fees
- Laser and other Eye Correction Surgery Products
- Lip Reading Lessons for the deaf
- Long Term Care and Premiums
- Massage, Other Medically-Necessary Manipulative Therapies
- Meals
- Medical Information Plan
- Midwife
- Nursing Care
- Obstetrician
- Obstetrical Expenses
- Operations and Related Treatments
- Ophthalmologist
- Optician
- Optometrist
- Oral Surgery
- Organ Donors
- Orthodontia
- Osteopath
- Oxygen and Equipment
- Pediatrician
- Physician Fees
- Physiotherapist
- Podiatrist
- Prosthesis
- Psychoanalyst
- Psychologist
- Rental of Medical or Healing Equipment
- Seeing Eye Dog or Other Animal
- Special Education for Handicapped Individuals
- Sterilization
- Stop Smoking Programs
- Substance Abuse Treatment
- Support or Corrective Devices (including Special Mattress and Board for Arthritis)
- Surgeon
- Telephone For The Deaf
- Television Set Modifications to Receive Closed Captions
- Therapy Treatments
- Transplants
- Transportation Expenses Relative to Illness
- Tuition
- Vasectomy
- Weight-Loss Program (Prescribed)
- Wheelchair
- X-Ray