HEALTH SAVINGS ACCOUNTS: THE RIGHT CHOICE FOR YOUR HEALTH AND WEALTH

A health savings account (HSA) is like a medical IRA. Money can be deposited into these accounts and used for medical expenses today or saved for the future. There are many advantages to putting money into health savings accounts, including favorable tax treatment. HSAs were signed into law in December of 2003 and since then millions of people have opened accounts because of the many benefits to individuals, families, and employers.

WHO CAN OPEN AN HSA?
Any adult can contribute to an HSA if they:
- Have an HSA compatible high deductible health insurance plan
- Have no other comprehensive health insurance coverage
- Are not enrolled in Medicare
- Cannot have a general purpose HRA or healthcare FSA
- Cannot be claimed as a dependent on someone else’s tax return

Contributions can be made by the employee, employer or both. The total contributions are limited annually. The IRS sets these maximum contributions by June 1st of each year and they are indexed to inflation.

Individuals age 55 and older, who are not on Medicare, can also make additional “catch-up” contributions. The IRS determines the catch up contribution amount every year.

Contributions can be made as late as April 15th of the following year, and applied to the prior years’ maximum contribution amount.

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Using Your HSA

You can use the money in the HSA account for any “qualified medical expense” permitted under Federal law. This includes medical, dental and vision care.

Once an individual is on Medicare, contributions must stop. However, the money in the account can be used to pay for medical, dental and vision expenses, tax-free. Some state taxes may apply, so check with your tax advisor. The money may also be used to pay for three types of premiums: Medicare (Parts B, C and D), Long Term Care, and COBRA.

You can use the money in your HSA account to pay for expenses for yourself and your dependents, even if they are not covered under your health insurance plan.

Any money used to pay for expenses that are not “qualified medical expenses” are taxable income and subject to a 20% tax penalty starting in 2011. After you turn age 65, the tax penalty no longer applies. If you become disabled, or enroll in Medicare, the account can be used for other purposes without paying the tax penalty as well.

Advantages of HSAs

- Security - Your high deductible health plan and HSA protect you against high or unexpected medical bills.
- Control - You make all the decisions on how to use the money in your HSA, how much money to put into the HSA, how to invest the money, and which expenses to pay from your HSA within IRS regulations.
- Affordability - Your health insurance premiums are often lower by switching to a high deductible health plan.
- Flexibility - You can use the funds in your HSA for those things that are important to you. You can pay for medical, dental and vision expense including such things as acupuncture, chiropractic, lasik surgery, etc.
- Savings - You can save the money in your account for expenses today or grow your balance through investment earnings, all tax advantaged on a federal level.
- Portability - Accounts are completely portable, meaning you take the HSA with you if you leave your employer, change medical coverage, become unemployed, move to another state, or change your marital status.
- Ownership - Funds in your HSA remain in the account from year to year, just like an IRA. No “use it or lose it” rules apply.
- Tax savings - An HSA provides you with triple tax savings; tax deductions when you contribute, tax free earnings on investments, and tax free withdrawals for qualified medical expenses. (Some state taxes may apply.)
WHAT HAPPENS TO MY HSA WHEN I DIE?

If your spouse is the beneficiary, your spouse can use it as if it were his or her own HSA. If the beneficiary is a non-spouse, the account will no longer be treated as an HSA upon your death. The account will pass to the beneficiary or your estate and be subject to applicable taxes.

OPENING YOUR HSA

Opening your HSA with Sterling Health Services Administration is easy and only requires a completed application, with original signature, and funds to open the account. Online enrollment at www.sterlinghsa.com is easy and secure. If you prefer, paper forms can also be downloaded from the site.

There are two monthly HSA maintenance plans to choose from: The Standard Plan and the Value Plan. The Standard Plan is all inclusive. The Value Plan is not bundled and transaction charges do apply. You can find the entire plan descriptions on our website, along with much more information on HSAs.

WHY STERLING HSA?

Clients come to Sterling not only for our expertise on HSAs, but also because of our deep experience and knowledge about health insurance. They stay because we provide a simple, reliable and personal approach to paying for healthcare while saving for the future. We are committed to Sterling service. Just to prove it, we offer a money back guarantee.

We also work with account holders, employers and brokers to make sure they are fully compliant with all regulations regarding HSAs, including account set up, contribution limits, and use of funds.

STERLING HSA SERVICES & COMMITMENT

At Sterling we offer a full array of services, including:

Education - About HSAs and assistance with account set up for employers, brokers and account holders.

Payment of health care bills - One of the services we offer is review of insurance carrier Explanation of Benefits (EOBs) and medical bills to insure you never pay too much. We have saved our clients thousands of dollars in healthcare expenses. After a careful review of bills, we will pay the provider of care directly on your behalf or reimburse you if you have already paid.

Self-directed investments - As well as payment of interest on funds in your Sterling managed account, self-directed investing is allowed.

Debit cards - Provided for convenience and ease of payment.

Quarterly account statements & tax reporting - Provided for account holders, employers and brokers, accompanied by a letter from our CEO.

Employer specific reports - Including reports on contributions and aggregate balance.

Compliance - We have the expertise to make sure your benefits plans are fully compliant with industry and IRS regulations. Banks or other third party administrators operating under an “unmanaged” HSA or HRA model don’t do that. In short, we eliminate the worry by offering services only available from a company with expertise in health insurance and healthcare financing products.

Online enrollment and account management - Fully automated online ability to enroll in the HSA, make deposits to the account, distributions from the account, change your profile, and much more. Our secure, password protected website provides you 24x7 access to account information and account management tools. If needed, all forms required for account set up and maintenance are available on the forms page of our website for employers, brokers and account holders at www.sterlinghsa.com.

Money back guarantee - If for any reason our account holders are displeased with our services, we will refund up to one years’ paid monthly maintenance fees.

CALL US TODAY

We’re a leading administrator of consumer directed healthcare services that put our clients in control of healthcare spending and in touch with resources to manage their money and their health. We provide expert education and superior execution because we know the health insurance and financial industries. We provide high touch customer service online, on the phone and in person because we understand that you want nothing less.

We offer health savings accounts (HSAs), health reimbursement arrangements (HRAs), and Flexible Benefit Plans, including Flexible Spending Accounts (FSAs), transportation benefits and Premium Only Plans (POPs).

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