

Healthcare spending
ON YOUR TERMS?
And tax-free benefits?

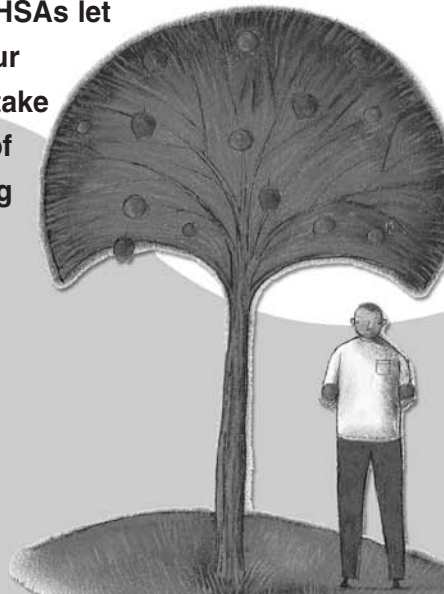


*You heard
it right!*

**HEALTH
SAVINGS
ACCOUNTS**

Individual
CHOICES for
Your Employees'
HEALTHCARE

By establishing a Health Savings Account (HSA) program [in conjunction with a high-deductible health plan (HDHP)] in your company, you are allowing your employees to take healthcare savings back into their own hands and make the decisions that are right for them personally. HSAs let you and your employees take advantage of the following benefits:



Expanded Availability

HSAs improve upon Archer Medical Savings Accounts (MSAs) because HSAs are available to all eligible individuals, not just the employees of small businesses and the self-employed.

Contribution Options

You can make contributions to HSAs of your employees as an added benefit to assist employees in paying their medical expenses.

The maximum annual contribution amount is the standard limit.

Tax Year	Standard Limit		Additional Catch-up Contribution Amount
	Self-Only	Family	
2007	\$2,850	\$5,650	\$ 800
2008	\$2,900	\$5,800	\$ 900
2009 and later	Subject to COLAs*	Subject to COLAs*	\$1,000

*cost-of-living adjustments

Additionally, a "catch-up" contribution is available for eligible individuals who are age 55 or older by the end of their taxable year and have not enrolled in Medicare. The chart above shows the contribution limits.



Tax-Free Benefits

HSAs allow you and your employees to make deductible contributions and accumulate earnings tax free. The distributions are also tax free as long as they are used for qualified medical expenses. Now, that is a win/win benefit you both can enjoy.

Flexibility in Spending

HSAs are used to pay for or reimburse qualified medical expenses—from health insurance deductibles and co-payments to certain over-the-counter medications and out-of-pocket expenses—for your employees and their family members.

Year-to-Year Savings

You have heard the phrase, “Use it or lose it.” Well, an HSA is not like that at all. HSA balances automatically roll over from year to year, allowing individuals to budget for health expenses and build up savings to cover qualified medical expenses when the need arises.

Individual Ownership

An HSA is owned by each individual and is his/her responsibility to maintain.

As you can see, it is to your benefit and your employees’ advantage to offer an HDHP to your employees so they can take advantage of the benefits of an HSA. Please call us or stop in to hear more about it.

How HEALTH SAVINGS ACCOUNTS compare with other medical savings plans

	Health Savings Account	Archer Medical Savings Account	Flexible Spending Account
Who is eligible?	Individuals covered under a qualified high-deductible health plan (HDHP)	Self-employed and small business employees covered under an HDHP**	Any employee, subject to employer-designated exclusions
Are unused amounts carried over to the next year?	Yes	Yes	Generally No
Are earnings withdrawn tax free?	Yes*	Yes*	N/A
What is/are the contribution source(s)?	Individual and/or employer	Individual or employer	Individual only
Is there a catch-up contribution provision?	Yes	No	No

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* For qualified withdrawals
 ** As defined under an Archer Medical Savings Account

This brochure is intended to provide general information on federal tax laws governing HSAs. It is not intended to provide legal advice or to be a detailed explanation of the rules or how such rules may apply to your business' or your employees' individual circumstances or under your state tax laws.

For specific information, you are encouraged to consult your tax or legal professional. IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, the instructions to IRS Form 8889, and the IRS's web site, www.irs.gov, may also provide helpful information.

