

HSA Healthline

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CEO CORNER

HSAs: The Right "CHOICE" for Health Care

By Lynn Paulson, CEO

It was another record-breaking year for Choice Financial and our HSA department. Thank you for your continued support and trust in Choice. We truly feel honored to have the good fortune to be working with you.

By all accounts, 2008 looks to be a year of substantial growth for HSAs in the U.S. While growth has occurred in the past 2-3 years, the rate of growth has not met some of the initial projections made 3-4 years ago.

Why the optimism going forward? In my opinion, a couple of things have morphed in the past couple of years.



First is the education portion of the HSA and high deductible health plans (HDHP). More consumers are "choosing" to become informed of the HSA/HDHP benefits. This is due, in part, out of necessity because of the continuing large increases in traditional health insurance premiums.

Just like you, these financially savvy and fiscally responsible folks are now realizing the short- and long-term benefits of taking accountability for their health care plan and premium dollars.

Second, HSAs are not for those who do not want to take the initiative of ownership or responsibility for their own health care plans. They are not for people who would just as soon have someone else take care of this for



them or for those with little interest in consumer-directed health care.

While that's disheartening, it's also a reality. It's part of the overall lack of self-reliance that continues to pervade our society.

Congratulations for being ahead of the curve with respect to your understanding of the overall benefits of the HSA/HDHP. You're truly making a difference.

Best wishes for a healthy and prosperous 2008.

Reporting Your Savings

By Lori Doele, Business Development Officer

Health savings accounts are tax-favored accounts. In order to maximize your tax savings, keep in mind that you can contribute up to the IRS maximum, regardless of your deductible. If your coverage starts mid-year, you can contribute the maximum for your type of plan (family or single) as long as you maintain qualifying coverage through December 31 of the following year.

The IRS contribution limits for 2007 are **\$2,850** for single coverage and **\$5,650** for family coverage. The 2008 limits are **\$2,900** for single coverage and **\$5,800** for family coverage. In addition, contributions for a tax year can be made until the tax-filing deadline of the following year, which allows you more time to contribute the maximum allowed amount.

Choice Financial provides you with the

resources to assist you in preparing the proper tax filings regarding your HSA. The following is what you can expect to receive from Choice Financial during this tax season.

In January, Choice Financial sends IRS Form 1099-SA.

- IRS Form 1099-SA provides distributions that were made from the HSA. The five types of distributions are normal, excess contribution removal, death, disability, and prohibited transaction.

In January, your employer will provide you with your W-2 (if applicable).

- Your W-2 form provides the pre-tax contribution amount and assists in determining the amount of contribution to deduct.

Use the information provided by

Choice Financial and your employer (if applicable) to complete IRS Form 8889. To download samples of the forms and tax filing instructions, go to <http://treas.gov>, then to Health Savings Accounts - Resources - IRS Forms.

In May, Choice Financial sends IRS Form 5498-SA.

- IRS Form 5498-SA provides the amount of contributions made to your HSA during the tax year. The form is sent in May because you can make contributions until April 15 for the previous year. Simply file this form with your tax information upon receipt.

Choice Financial does not provide legal or tax advice. The information included in this article is provided to inform you of the year-end information provided by Choice Financial. For advice or specific instructions, please consult a qualified tax advisor.



Goal Setting and New Years' Resolutions

By Lori Doele, Business Development Officer



For many of us, New Years' resolutions are grandly made and easily broken. Why? Because a resolution is just that - a decision. To make a life change, you need to make more than a decision. You need a plan. The plan is the guide to put your decision into action so you can reach your goal. It's up to you to take steps to get closer to your goal.

Whether you resolve to lose weight, save money, or adopt a healthier lifestyle, New Years' resolutions are hard to keep. Often times by Valentine's Day they are a distant memory. It takes time and commitment for your resolution to become a habit. It is easier to set small, but realistic

goals. Once you reach that goal, set another. Before you know it, you have reached your New Year's resolution. Here are some tips to make it easier to keep your resolution:

- Be specific
- Put it in writing
- Set realistic goals
- Develop an action plan
- Believe in yourself
- Be flexible
- Ask for help
- Reward yourself

Make this New Year count and create a plan to follow through on your resolution!