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## Health-care plans lower cost, provide nest egg

When I was in business, I had health insurance policies canceled and watched premiums escalate. Affordable options for my family and employees were nowhere to be found. If this scenario sounds too familiar, "high-deductible health plans," matched with "health savings accounts," may provide an affordable alternative for you to consider. In addition to health protection, the savings account can provide an attractive way for you to save for retirement. The high-deductible plan and savings accounts are part of a consumer-driven health-care movement "making progress with over 1 million owners now across the U.S.," said William A. Steffen, an independent health insurance broker with Bradenton's Steffen Financial Inc. "Thousands (are) signing up daily." He is spreading the word about this new program with evangelistic fervor.

Steffen's assertions are backed up by the American Health Insurance Plans Center for Policy and Research. The research organization launched its Web site, [www.ahipresearch.org](http://www.ahipresearch.org), in March and it can be helpful in sorting out the complicated details of this burgeoning health-care option. President Bush signed the enabling legislation into law during December 2003 and its significance is just beginning to be understood. Because of the high deductible, \$1,000 minimum, the insurance premium is lower. Hence, depending on the amount of the deductible chosen, Steffen says the savings is about 15 percent to 20 percent for business group plans and from 30 percent to 80 percent for individual policies.

But the ability to build a nest egg for retirement with HSAs is hugely important, too, and can be compared to Individual Retirement Accounts. In fact, Steffen believes that HSAs trump IRAs because they have more flexibility. While both can be deducted from your gross income for tax purposes, you must have a salary to contribute to an IRA. That's not the case with an HSA. What's more, there are no salary or earning caps as there are with IRAs. The HSA allows up to a \$2,600 tax deduction for individuals and \$5,150 for families, even if you already contribute to an IRA. Both IRAs and HSAs provide tax-deferred growth. And when you reach 65, you can make withdrawals that will be subject to your marginal tax rate at that time. But unlike IRAs, HSAs allows you to withdraw your cash tax-free at any time to cover a generous array of medical expenses, regardless of your age.

Because of the lower insurance premiums, tax benefits and tax-free withdrawal for medical expenditures, Steffen believes that companies and individuals will embrace this new government initiative. It's a way for companies to offer health insurance and retirement benefits to employees at a lower cost. But critics say that some companies may drop more costly health insurance and retirement plans with greater benefits in favor of HDHPs and HSAs.

Furthermore, it may not be the best strategy for individuals in poor health with high medical expenses.

To find out more details online, go to [www.treas.gov/offices/public-affairs/hsa/faq\\_basics.shtml#hsa2](http://www.treas.gov/offices/public-affairs/hsa/faq_basics.shtml#hsa2) or call (202) 622-4472.

You can also e-mail questions to [hsainfo@do.treas.gov](mailto:hsainfo@do.treas.gov).

Jerry Chautin is a local volunteer business counselor with Manasota SCORE, "Counselors to America's Small Business." Contact Jerry with your business questions and stories through e-mail at [jkchautin@aol.com](mailto:jkchautin@aol.com). SCORE's phone number is 955-1029 and its Web site is [www.score-suncoast.org](http://www.score-suncoast.org).

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