



## The Benefits of Health Savings Accounts

### Contain rising medical costs

HSAs will encourage individuals to buy health plans that suit their needs so that insurance kicks in only when it is truly needed. Individuals will be able to make more cost conscious decisions.

### Tax-free asset accumulation

Contributions are tax-deductible, earnings are tax-free, and distributions are tax-free if used to pay for qualified medical expenses.

### Portability

Assets belong to the individual; they are not affected by job changes and continue after retirement.

### Benefits for Medicare Beneficiaries

HSAs can be used during retirement to pay for retiree health care, Medicare expenses and prescription drugs. HSAs will provide the most benefit to seniors who are unlikely to have employer provided health care during retirement.

## MARK YOUR CALENDAR

**Congressman Franks will be hosting two town halls to answer your questions.**

Saturday, March 18, 2006  
10:30 AM MT  
SunDial Recreation Center  
East Room  
14801 N. 103rd Avenue  
Sun City

Saturday, April 8, 2006  
4:00 PM MT  
First Assembly of God Church  
1850 Gates Avenue  
Kingman

Sign up for e-news updates at [www.house.gov/franks](http://www.house.gov/franks)



## How to contact Congressman Trent Franks

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## Congressman Trent Franks

### Taking Steps to Ensure Easy Access to Quality, Affordable Health Care

*"All Americans deserve to have access to affordable, quality health care. I am working hard in Congress to make that a reality."*

*Congressman Trent Franks*



### Look inside to learn the benefits of Health Savings Accounts!

- Relief to Workers and Small Businesses
- Tax-Free Asset Accumulation
- Meeting Retiree Health Needs

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*Trent Franks*  
M.C.  
Pre Sorted Standard



**Congressman Trent Franks**

# *Working to Expand Health Care Needs to Small Businesses*

## **Health Care Update: Health Savings Accounts Deliver Relief to Workers and Small Business**

*Dear Friend,*

Health care costs have become a crisis and must be dealt with in a deliberate and determined way. The new Medicare law not only creates a solid prescription drug program, it empowers recipients and offers several new benefits to make health care affordable for more Americans. It also contains new competitive market provisions that create higher quality service, improved access, lower cost, and more dignity to the consumer. I am especially excited about how the law provides a new health care option for small businesses and employees: Health Savings Accounts (HSAs).

HSAs are tax-advantaged savings accounts that can be used to pay out-of-pocket medical expenses. These accounts will be available to everyone, not just seniors eligible for Medicare. Both employers and workers may contribute to the plan. HSAs are a winning situation for employers and workers alike. In addition to encouraging employees to find the best plan for their individual needs, HSAs provide a portable tax benefit that follows an employee from job to job, reduces health care costs, and offers tax advantages.

HSAs essentially allow individuals to pre-fund their retirement medical expenses. This mailer provides a basic overview of how HSAs work and where you can go for more information on starting such a plan. If you have any additional questions about this or other federal issues, please feel free to contact my office.

Very Truly Yours,



Congressman Trent Franks

## **Health Savings Accounts (HSAs) . . . Lifetime Savings for Health Care**

### **Meeting Health Care Needs – Tax-Free Asset Accumulation**

- ✓ Workers can accumulate tax-free savings in their own health savings account to pay for health care costs.
- ✓ HSAs are paired with a qualified individual health plan. These plans have a minimum deductible of \$1,000 and a \$5,000 maximum limit on out-of-pocket expenses. These amounts are doubled for family policies.
- ✓ Individuals can make pre-tax contributions of up to 100% of the health plan deductible. The maximum annual contribution is \$2,600 for individuals and \$5,150 for families (indexed annually for inflation).
- ✓ Tax-free distributions are allowed for health care needs not covered by the insurance policy. Tax-free distributions can also be made for continuation coverage required by federal law (e.g., COBRA), health insurance for the unemployed, and long-term care insurance.

## **Retirement Years . . . Meeting Retiree Health Needs**

### **HSAs can be used to pay for retiree health care once an individual reaches Medicare eligibility age.**

- ✓ These type of contributions will allow individuals to build a nest egg to pay for retiree health needs. Catchup contributions allow a married couple to save an additional \$2,000 annually if both spouses are at least 55.
- ✓ Tax-free distributions can be used to pay for retiree health insurance with no minimum deductible requirements, Medicare expenses, prescription drugs, and long-term care services, among other retiree health care expenses.
- ✓ Upon death, HSA ownership may be transferred tax-free to a spouse.

**For more information on HSAs, please visit:**

<http://www.treasury.gov/offices/public-affairs/hsa/>

