



SPECIAL Alert

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In this seventh McGrawWentworth Special Alert for 2009, we will provide the updated 2010 parameters for High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs). Several parameters associated with HDHPs and HSAs are annually indexed. The IRS just recently released the amounts for 2010.

We welcome your comments and suggestions regarding this issue of our Special Alert. For more information on this article, please contact your Account Manager or visit the McGrawWentworth web site at www.mcgrawwentworth.com.

“2010 Health Savings Account Provisions”

The IRS recently released the 2010 parameter for Health Saving Accounts (HSAs). HSAs are trust or custodial accounts owned by individuals and designed to be a tax-favored saving vehicle for health expenses. Contributions to the accounts are tax-favored. Distributions and any interest accrued in the account can be tax-favored if the funds are used to pay for an IRS qualified medical expense.

A number of rules must be met in order for participants to contribute to an HSA. One of the key requirements is that an individual is covered by a qualifying high deductible health plan. Unfortunately, it is not as simple as being covered by a qualifying high deductible health plan (HDHP). For more details on the rules related to HSAs, please read our *Benefit Advisor* at http://www.mcwent.com/Benefit_Advisor/2007/BA_Issue_3.pdf.

Contributions to HSAs and provisions related to qualifying HDHPs are indexed. The cost of living adjustments are an annual event. The parameters for HSAs and HDHPs for 2010 are as follows:

- The minimum annual deductible for a high deductible health plan for 2010 increased by a small

amount. The minimum single deductible must be at least \$1,200, up \$50 from 2009. The minimum family deductible must be at least \$2,400, up \$100 from 2009.

- The maximum out-of-pocket expense limit increased for single coverage and family coverage. The 2010 maximum out-of-pocket limit for singles is \$5,950, up \$150 from 2009. The 2010



maximum out-of-pocket limit for families is \$11,900, up \$300 from 2009.

- The contribution limits increased as well. The 2010 contribution limit for single coverage is \$3,050, up \$50 from 2009. The 2010 contribution limit for families is \$6,150, up \$200 from 2009.

This updated information is important for 2010 planning for employers that are offering high deductible health plans that are HSA qualified.

If you have any questions regarding Health Savings Accounts, please contact your McGrawWentworth Account Director. **MW**

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