



HSA Today

Big News for 2007!

This just in: The President signed the new HSA guidelines, now it's official! For all of the details, head on over to the Treasury website link:

www.ustreas.gov/press/releases/hp209.htm

Meantime, here's a brief list of the new items, along with our take on each one's significance from a client or employee perspective...

Rollovers from FSAs, HRAs into HSAs through 2011

As an employee of a company who has recently switched to an HDHP from a previous FSA or HRA type plan, I get to open my HSA and my employer will do a one time rollover of my FSA or HRA dollars into my new HSA account. These amounts can be OVER AND ABOVE the allowable contribution for the year. This is great news, because I was really afraid of losing that money, and it didn't seem fair that I had tried to save only to see it all go away. I plan to stay with this coverage for at least the next 12 months, because that way these transfers stay tax and penalty free.

Increase the Annual Contribution

For 2007, I get to max out my contribution at the new limit. This is very exciting, because I am looking at this HSA as a way to fund my healthcare needs in the future. I haven't touched my balance so far, and I really want

to get the highest interest rate I can in the meantime. With this new limit, I will have the balance I need by midyear so that I can take advantage of Blackhawk Mutual Fund opportunities and higher yield checking products!

Full HSA Contribution regardless of month individual becomes eligible

What a relief! I had heard that these contributions had to be pro-rated, even though my deductible is the full amount. I'm so glad that's changed, because we had a November 1 effective date and my employer is funding part of my deductible right into my HSA account every year. Now they can give me all of that money even though we only have a month left for this calendar year.

One-time transfer from IRAs to HSAs

Wow! Now I can take that IRA and make it really work for me. This new rule means that I can move these funds without any tax or penalty into my HSA. All I have to do is fill out a transfer form with my HSA custodian. They contact my IRA provider who then transfers the funds to my HSA as requested. Although I *am limited to the IRS allowable contribution amount for the year*, this means that I can fully fund my HSA account right away, earning a higher interest rate on my HSA once the transfer is complete. I understand that I have to stay in the new health plan for at least 12 months to keep these dollars tax and penalty free.

Certain FSA coverage treated as disregarded coverage

How nice is this? I can participate in the new HSA qualified plan that my company provides right away, and my HSA contribution limit for the year won't be compromised. My employer can rollover my FSA balance, and I can still contribute the maximum amount allowed by the IRS for this year according to my coverage group.

Earlier Indexing of Cost of Living Adjustments

Because my employer was able to "work the numbers" for our costs going into next year, we have a lot more time to learn about the new health plan options to choose from. This will give me time to do a little research on my own, and to ask some questions in the next enrollment information meeting. What a relief, because I hate making this kind of decision under so much pressure!

Allow greater contributions for lower-paid employees

Because of the new definition of "highly compensated employee" (now based on the same definition used for qualified retirement plans) my employer can give me and my family more money into my HSA. This will help us out so much, because with my hourly pay rate I wasn't sure how I was going to meet all of our medical expenses. I just started my job, and this HSA is a great "extra benefit!"

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It's All About Renewals!

Indeed, we are in the thick of the season for employers and individuals alike when benefits meetings seem to overlap and deadlines loom for forms to make it in on time. For some, confusion about which plan to choose abounds, and for others, the numbers make sense and the choice is clear. Any way you slice it, new benefit plan designs are a lot of information to grasp, process, and ultimately use effectively.

Having a partner or an associate you can rely on to own the explanation piece is vital. This partner uses the tools necessary to remove the obstacle from the client's path to understanding, and (even more resourcefully) when necessary invents the tools to remove the obstacle if need be.

We here at Blackhawk Bank recognize your need for not only an HSA custodial resource, but for a "one stop tool box" related to HSA education, enrollment, and follow up. We create the tools necessary for your continued Consumer Driven Plan success, and in doing so help to build a relationship for life between you and your client. During this renewal time, use the tools at your disposal and give us a call. Whether it's onsite enrollment, enrollment packets through the mail, an emailed power point, or a combination of all of these, we are your "one stop tool box!"

Thank you for your continued business, and we look forward to being your trusted custodial partner for HSAs now and in the future.



**Gail Premer,
Matt Berrafato,
Tom Corcoran,
and Mike Abarbanel**



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- Testimonial
- Think Spring!



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