

TAKE COMMAND OF YOUR HEALTH CARE

NOVEMBER 2004

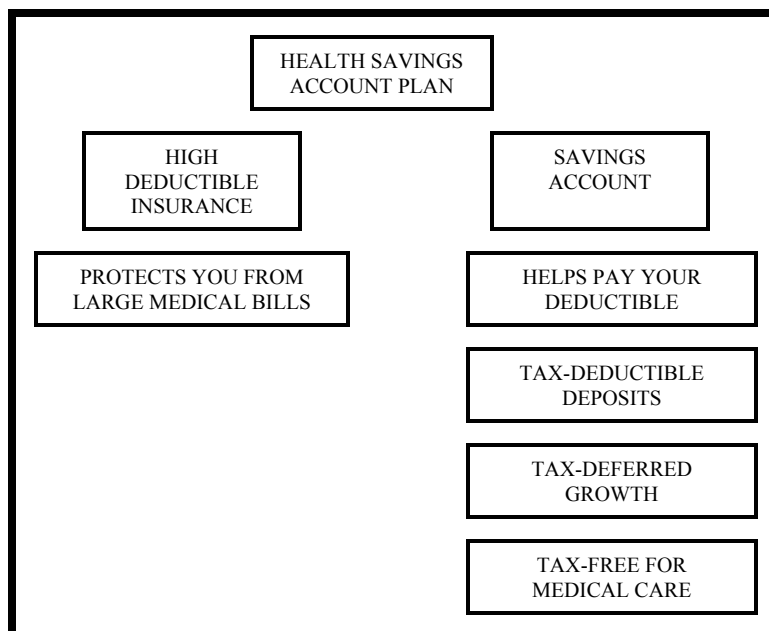
**Own your own home.
Own your own business.
Own your own retirement.
Own your own health insurance.**

Unlike many other financial planners we at Markowski Investments believe that in order to meet the goals and dreams of our clients we need to take the proverbial bull by the horns and own the future. A recurring theme here in the Markowski Monthly and on the Watchdog on Wall Street radio show has been the importance of taking command of your life, goals, and future through ownership. Whenever an individual relies upon their employer, government or other entities to provide for them, they are engaging in a risky game of roulette. This month I would like to discuss a topic that has flared up recently in the media and on the campaign trail, health insurance and the new Health Savings Accounts (HSA's).

Health Savings Accounts help people to take control of your health care expenses with a tax-favored savings account and comprehensive medical coverage. An HSA combines high deductible health insurance with a tax-favored savings account. The money that is contributed in the savings account helps pay the deductible. Once the deductible is met, the insurance starts paying. Money that is left in the savings account earns interest and is yours to keep.

The law requires that the savings account be combined with high deductible health insurance. High deductible health insurance costs much less than the traditional low deductible coverage, because the insurance company doesn't have to pay for routine, low dollar medical care.

How Does a Health Savings Account Work?



Each year you're allowed to save 100 percent of the health plan's annual deductible, up to \$2,600 for singles and \$5,150 for families in 2004. Older Americans can save even more! You use the savings account to pay for your lower-dollar medical expenses, or those that aren't covered by the health plan. Once you meet the deductible, the health insurance covers your medical expenses as defined in the policy.

Who is eligible for an HSA?

Anyone who is not entitled to Medicare can accumulate tax-favored savings for health care needs. You must have a qualified high deductible health insurance plan and no other similar health insurance. A qualified health plan for singles has a minimum deductible of \$1000. For families, a qualified health plan must have a minimum deductible of \$2000.

HEALTH COVERAGE BENEFITS

MEDICAL

Simple: 100% coinsurance after the deductible is met (optional 80% coinsurance to lower premium.)

Predictable: One deductible per family.

Comprehensive: Quality medical, including adult preventive care and prescription drugs.

SAVINGS ACCOUNT

First dollar: Savings can be used to help pay the deductible and for non-covered medical expenses, such as dental and vision.

Security: Savings reduce or eliminate annual out-of-pocket exposure.

Pool of money: Savings not spent remain in the HSA tax-deferred.

TAX BENEFITS

Tax-deductible: Contributions to the HSA are 100% deductible just like an IRA.

Tax-favored: Withdrawals for covered medical expenses are never taxed.

Tax-deferred: Interest earnings accumulate tax-deferred, and if used for qualified medical expenses, are tax-free.