



## INFORMATION OF IMPORTANCE

**Date:** October 15, 2007

**To:** Our Valued Clients and Friends

**From:** Anita Drew, VP Account Management

**Subject:** 2008 Minimums and Maximums for HSAs and HDHPs Announced

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The IRS recently announced various inflation-adjusted amounts for 2008 for health savings accounts (HSAs) and high-deductible health plans (HDHPs). HSAs, established by the Medicare Modernization Act (MMA) as of January 1, 2004, allow individuals or employers to contribute to an HSA as long as the individual is covered under an HDHP.

### Maximum annual HSA contribution

- Individual coverage: \$2,900 (up \$50 from \$2,850 in 2007)
- Family coverage: \$5,800 (up \$150 from \$5,650 in 2007)
- Individuals age 55 or over can contribute an additional \$900 to their HSAs for 2008. Catch-up contributions increase by \$100 per year under the statute until they reach a maximum of \$1,000 in 2009.

### Minimum HDHP deductible

- Individual coverage: \$1,100 (no change from 2007)
- Family coverage: \$2,200 (no change from 2007)

### Maximum HDHP deductible

- Individual coverage: None
- Family coverage: None

### Maximum HDHP out-of-pocket expense

- Individual coverage: \$5,600 (up \$100 from \$5,500 in 2007)
- Family coverage: \$11,200 (up \$200 from \$11,000 in 2007)
- Out-of-pocket expense does not include premiums

Before the Tax Relief and Health Care Act of 2006, contributions to an HSA were limited to the lesser of the annual deductible under the companion HDHP or the indexed amount. The Act removed the link to the annual HDHP deductible for tax years beginning after December 31, 2006. This higher permissible contribution was expected to increase interest in HSAs.

If you have any questions, please feel free to contact us by phone (913) 647-1580 or by e-mail, [rdutton@rjdutton.com](mailto:rdutton@rjdutton.com)

Thank you for the opportunity to be of service.