

# Dollars and sense

by David Uffington

## Benefits, drawbacks of Health Savings Accounts explained

With the ever-rising cost of health care premiums, many individuals and families are opting for higher deductibles combined with a Health Savings Account as a way to save money. HSAs are designed to offer those who have medical insurance with very high deductibles and no other coverage a way to put money aside for medical expenses and reduce taxes.

The benefits:

- The dollars that go into an HSA are pre-tax, meaning that the amount comes off your income before you are taxed.
- Once you open an account, it's yours to handle as you wish. If you want to move the money around to take advantage of higher interest rates, you're free to do that.
- You can take out funds to pay medical bills without penalty. (However, you can't pay your premiums with the money.)

- At age 65, you can roll over the funds without penalty.

- You don't need to be employed. The funds for the HSA can come from your own savings or your unemployment benefits.

- There are no income limits.

- If you are age 55-64, you're allowed to make larger catch-up contributions.

- High deductibles are \$1,050 for individuals and \$2,100 for families.

The drawbacks:

- You're only allowed to contribute up to the lesser of your deductible or the limits that have been established. For individuals, that amount for 2006 is \$2,700. For families it's \$5,450.

- If you take out money for anything other than medical expenses, you'll pay taxes on that amount plus a 10 percent penalty.

- Once you reach age 65 and are eligible for Medicare, you can no longer make contributions to your HSA account.

To qualify for an HSA, you must:

- Have a High Deductible Health Plan for your medical coverage. For 2007, that amount is at least \$1,100 for individuals, with a maximum out of pocket of \$5,250, and \$2,200 for families, with a maximum out of pocket of \$10,500.

- Not be covered by any other insurance that isn't high deductible. (You're allowed to have dental, vision, disability and long-term-care insurance.)

- Not be covered by any Veterans

benefits in the previous three months, or have Tricare coverage.

If you choose a high deductible as a way of saving money, the biggest possible drawback is if you don't put money into a Health Savings Account.

## Ten ways to make extra money for holidays

Making extra money for holiday spending might be easier than you think. This is the perfect time to get creative in your ideas.

1. Errands: Hire yourself out to run errands, especially those that involve standing in lines. You can get groceries, mail packages at the post office, pick up dry cleaning, wait while a car is being serviced and take pets to the vet.

2. Yard sale: Sell what you don't need, especially if it's in new condition. Books, DVDs and CDs should go quickly. Or sell computer games your kids don't play anymore.

3. Video: If you have the right camera and the skill, you can tape holiday school pageants and plays for parents who don't have the equipment, or who want a great gift to send to the grandparents.

4. Kids: Baby-sit so your neighbors can get shopping or wrapping done without the children around.

5. Pets: Take care of pets while owners are out of town. The pet gets to stay in the home environment, which makes the owner happy. Also

offer to bring in the newspapers and mail and water the plants. Charge for your travel time, too.

6. Guests: Take the pressure off those who are hosting guests over the holidays. Before guests arrive you can decorate the tree or the whole house, clean out the gutters and rake leaves, wrap gifts, hang outdoor holiday lights, shovel snow, paint a room or clean the house.

7. Bake and cook: Make up samples of your kitchen creations and pass them around at work or in your neighborhood. Offer to deliver orders to make it easier to say yes. Consider not only baked goodies, but full meals that can be put right in the freezer. Sell your wares at holiday fairs, too.

8. Decorate: Decorate offices and corporation lobbies, and take everything down after the holidays.

9. Address and mail holiday cards and take them to the post office: Your client only needs to give you a name and address list, and you do the rest.

10. Sign up with temp agencies, or apply for seasonal jobs: Retailers will usually work around your available hours.

Craigslist.org is a great way to advertise for free, as are local bulletin boards. And don't forget the best advertising of all – word of mouth.

Write to David Uffington in care of King Features Weekly Service, P.O. Box 536475, Orlando, FL 32853-6475 or send e-mail to [letters.kfws@hearstsc.com](mailto:letters.kfws@hearstsc.com).

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