

HEALTH SAVINGS ACCOUNTS (HSA)

**COMBINED WITH QUALIFIED HIGH DEDUCTIBLE
HEALTH INSURANCE IS NOW OFFERED TO:**

REALTORS

BY

INS/MARK OF AMERICA

HOUSTON, TX



On-line quotes available at

www.theREALbenefits.com

Or

Toll Free 800 847-7503

In Houston, Texas area 281 293-8292

WHAT IS AN HSA?

A **HEALTH SAVINGS ACCOUNT (HSA)** is a special **Tax Sheltered Savings Account** that is similar to the **traditional IRA**, but is for **qualified medical expense only**. **HSA** was signed into law on December 8, 2003 as a part of the Medicare Reform Bill and became available to consumers in 2004.

WHAT IS A HDHP?

A **HDHP** is a required special **High Deductible Health Insurance Policy** that provides comprehensive health insurance coverage at a **LOWER COST** than Traditional Health Insurance. (See deductibles, benefits and guaranteed out of pocket amount in **HOW TO APPLY FOR COMBINED COVERAGE**).

WHAT ARE THE ADVANTAGES OF A COMBINED PROGRAM?

1. Money deposited into an **HSA** is 100% deductible up to the maximum allowed for Individuals (\$2,900 for year 2008) or the selected deductible, whichever is less. The maximum allowed for Families is (\$5,800 for year 2008) or the selected deductible, whichever is less. In addition to the maximum contribution amount, catch-up contributions can be made of \$ 900 in 2008 and \$ 1,000 in 2009 and later years by those at least age 55 or older but younger than 65 and becomes enrolled in Medicare benefits.
2. Money deposited in an **HSA** can be used to pay for qualified medical expenses **not** covered under the insurance policy. (Examples of **Qualified** Medical Expenses are included on a separate sheet.
3. Participation in an **HSA** by an Individual or a Family requires coverage of a **HIGH-DEDUCTIBLE HEALTH PLAN (HDHP)**. The **HDHP** described in **HOW TO APPLY FOR COMBINED COVERAGE** has been specially designed for this purpose. Premiums paid for the **HDHP** is generally 100% deductible for self employed and/or independent contractors in 2008. This deduction is in addition to the deduction allowed by the **HSA** thus allowing even more savings.

HOW TO APPLY FOR COMBINED COVERAGE?

STEP 1: Request a proposal at www.theREALbenefits.com or by calling our toll free 1-800-847-7503 number. If you are in the Houston, Texas area, please call 281-293-8292.

STEP 2: Design your own **HDHP** by selecting the following deductible which is also the guaranteed **OOP** (Out-Of-Pocket) amount and is also shown on the requested proposal.

DEDUCTIBLES:

INDIVIDUAL: \$ 2,900

FAMILY: \$ 5,800

BENEFITS

RATE OF PAYMENT: 100% after deductible is reached

GUARANTEED Out-Of-Pocket: Selected deductible Amount

MAXIMUM LIFETIME BENEFIT: \$5 Million

STEP 3: Open an **HSA ACCOUNT** with **JP MORGAN CHASE BANK, N.A. (CHASE)** which offers:

- Complete control of account by owner
- Minimum opening requirement is \$ 50.00
- Low Monthly Administration fee.
- Convenience of Debit Card or Checks for Easy Withdrawals
- Complete and sign the enclosed HSA enrollment package. This package must accompany the application for a QUALIFIED HIGH DEDUCTIBLE HEALTH PLAN (HDHP).

WHAT TO DO NEXT?

Proposals with premium rates for the HDHP can be requested:

Online: at www.theREALbenefits.com or you may contact Ins/Mark toll free at 800 847-7503.

Email: to bill@ins-mark.com can also be used to request a time for a telephone call.

CONVENIENT WORKSHEET ON NEXT PAGE

HEALTH SAVINGS ACCOUNT (HSA) AND HIGH DEDUCTIBLE HEALTH POLICY (HDHP)

WORK SHEET

HDHP

1. **HDHP DEDUCTION SELECTED FROM THE ATTACHED PROPOSAL:** \$ _____
2. **MONTHLY HDHP PREMIUM RATE FOR SELECTED DEDUCTION:** \$ _____
3. **FOR ANNUAL PREMIUM MULTIPLY MONTHLY RATE X 12 MONTHS:** \$ _____

(As a HDHP participant you are generally entitled to a 100% deduction for **health insurance premiums paid IN 2008.**

4. For tax savings on your **HDHP** premium rates use estimated tax rate of _____ % times annual premiums paid (see attached **IRS TAX RATE SCHEDULE** on Page 6 for your estimate).
5. **YOUR ESTIMATED HDHP TAX SAVINGS FOR 2008 IS:** \$ _____ *

HSA

6. **HSA MAXIMUM DEPOSITS OR DEDUCTIBLE SELECTED:** \$ _____
7. (As a HDHP participant you are entitled to deduct a maximum amount of \$ _____ or the selected proposal deductible (whichever is less) in 2008. To estimate tax savings on **HSA** deposits use estimated tax rate of _____ % times the total deposits in 2008.
8. **YOUR ESTIMATED HSA TAX SAVINGS FOR 2008 IS:** \$ _____ **

COMBINED HSA & HDHP RECAP

9. **Tax savings** in 2008 for **HDHP** premiums: \$ _____ *
10. **Tax savings** in 2008 for **HSA** deposits: \$ _____ **
11. **TOTAL TAX SAVINGS WITH THE COMBINED HDHP & HSA:** \$ _____
12. **MINUS PREMIUM PAID FOR HDHP FOR 2008:** \$ _____
13. **EQUALS ANNUAL NET COST FOR COMBINED PROGRAM IN 2008:** \$ _____
14. **FOR MONTHLY NET COST OF HEALTH INSURANCE**
DIVIDE ANNUAL NET COST BY 12 MONTHS \$ _____

Disclaimer: The information contained herein is provided for informational purposes only. Ins/Mark of America, Inc. shall not be responsible for any decisions, damages or other losses resulting from, or related to this information. Please consult your tax adviser.

ADDITIONAL BENEFITS OF THE HEALTH SAVINGS ACCOUNT

The **HSA** is in the name/names of the policy owners and can be accessed only by the account owners. Withdrawals for any qualified medical expense shown on the accompanying Medical Expenses-Qualified & Non-Qualified form may be made without penalty. Amounts withdrawn each year will decrease the amount carried forward to the next years beginning balance. **You will be eligible to deposit the maximum amount each year until the owner reaches age 65 and enrolled in Medicare. At that time distributions may be withdrawn without penalty.**

INSTRUCTIONS FOR APPLYING FOR HDDP and HSA

1. REQUEST A PROPOSAL WITH PREMIUM RATES AND AN ENROLLMENT MATERIALS FROM INS/MARK ONLINE AT www.theREALbenefits.com or you may call toll free 1-800-847-7503. IN THE HOUSTON, TEXAS AREA please call 281-293-8292.
2. COMPLETE AND SUBMIT AN APPLICATION TO INS/MARK OF AMERICAN for the QUALIFIED HDHP. (The first month's premium shown on the QUOTE must be submitted with a paper application along with the one-time application fee of \$20.00.) (If the application is submitted online then the one-time fee is waived and the first months premium can be collected by electronic funds transfer or from Visa or Mastercharge.)
3. COMPLETE THE DEPOSITORY FORM FROM JP MORGAN CHASE BANK for your HSA account. Include a "VOIDED" check or deposit slip to be used to open the HSA account when the HDHP is approved. A \$50 minimum deposit will be drawn on the bank account shown on the "VOIDED" check or deposit slip. DO NOT SEND ANY MONEY WITH THE DEPOSITORY FORM! Upon policy approval CHASE BANK WILL CONTACT THE DEPOSITOR FOR INSTRUCTION ON HOW TO FUND THE ACCOUNT.
4. **Send all completed forms and materials to:**

INS/MARK OF AMERICA
P.O. BOX 940520
HOUSTON, TX 77094

www.theREALbenefits.com

2008 Tax Rate Schedules

Note: These tax rate schedules are provided so that you can compute your estimated tax for 2008. To compute your actual income tax, please see the instructions for 2008 Form 1040, 1040A, or 1040EZ as appropriate when they are available.

Schedule X — Single

If taxable income is over--	But not over--	The tax is:
\$0	\$8,025	10% of the amount over \$0
\$8,025	\$32,550	\$755 plus 15% of the amount over 7,550
\$32,550	\$78,550	\$4,220.00 plus 25% of the amount over 30,650
\$78,550	\$164,550	\$15,107.50 plus 28% of the amount over 74,200
\$164,550	\$357,700	\$37,675.50 plus 33% of the amount over 154,800
\$357,700	no limit	\$97,653.00 plus 35% of the amount over 336,550

Schedule Y-1 — Married Filing Jointly or Qualifying Widow(er)

If taxable income is over--	But not over--	The tax is:
\$0	\$16,050	10% of the amount over \$0
\$16,050	\$65,100	\$1,510 plus 15% of the amount over 15,100
\$65,100	\$131,450	\$8,440.00 plus 25% of the amount over 61,300
\$131,450	\$200,300	\$24,040.00 plus 28% of the amount over 123,700
\$200,300	\$357,700	\$42,170.00 plus 33% of the amount over 188,450
\$357,700	no limit	\$91,043.00 plus 35% of the amount over 336,550

Schedule Y-2 — Married Filing Separately

If taxable income is over--	But not over--	The tax is:
\$0	\$8,025	10% of the amount over \$0
\$8,025	\$32,550	\$755 plus 15% of the amount over 7,550
\$32,550	\$65,725	\$4,220 plus 25% of the amount over 30,650
\$65,725	\$100,150	\$12,020.00 plus 28% of the amount over 61,850
\$100,150	\$178,850	\$21,085 plus 33% of the amount over 94,225
\$178,850	no limit	\$45,521.50 plus 35% of the amount over 168,275

Schedule Z — Head of Household

If taxable income is over--	But not over--	The tax is:
\$0	\$11,450	10% of the amount over \$0
\$11,450	\$43,650	\$1,075 plus 15% of the amount over 10,750
\$43,650	\$112,650	\$5,620.00 plus 25% of the amount over 41,050
\$112,650	\$182,400	\$21,857.50 plus 28% of the amount over 106,000
\$182,400	\$357,700	\$40,239.50 plus 33% of the amount over 171,650
\$357,700	no limit	\$94,656.50 plus 35% of the amount over 336,550

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Medical Expenses- Qualified & Non-Qualified

Health Savings Accounts are health care financing programs that enable insureds to be reimbursed for qualified medical care expenses. Qualified expenses are defined under Section 213(d) of the IRS Code.

Medical care expense is defined as amounts paid for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body. Medical care expenses must be primarily to alleviate or prevent a physical or mental defect or illness.

Below are examples of both qualified and non-qualified medical expenses. For additional information, refer to IRS Publication 502 titled "Medical and Dental Expenses", Catalog Number 15002Q. The publication is available at the IRS website, www.irs.gov, or by calling 800-TAX-FORM.

Examples of Qualified Medical Expenses

- Acupuncture
- Alcoholism
- Ambulance
- Artificial limbs or prostheses
- Artificial teeth
- Bandages
- Birth control pills (by prescription)
- Braces
- Braille books and magazines
- Breast reconstruction surgery
- Car-special hand controls or equipment to accommodate a disabled person
- Chiropractor
- Christian Science practitioner
- Contact lenses and cleaning solutions
- Crutches
- Dental treatment
- Dentures
- Dermatologist
- Diagnostic devices (blood sugar test kit)
- Drug addiction treatment
- Eyeglasses
- Eye surgery (laser or radial keratotomy)
- Fertility enhancement
- Guide dog or assistance animal
- Hearing aids and batteries
- Home care
- Home improvements to accommodate a disabled person
- Hospital services
- Laboratory fees
- Lead-based paint removal
- Legal abortion
- Lodging (away from home for prescribed outpatient care)
- Long-term care premiums (certain limits apply)
- Long-term care services
- Nonprescription drugs
- Nursing home
- Nursing services (including board and meals)
- Ophthalmologist
- Optician
- Optometrist
- Organ transplant (including donor's expenses)
- Osteopath
- Oxygen and oxygen equipment
- Physician services
- Podiatrist
- Prescription drugs
- Psychiatric care
- Psychoanalysis
- Psychologist
- Special home for the mentally retarded
- Special school costs for the handicapped
- Sterilization
- Surgery
- Stop-smoking programs (physician prescribed)
- Telephone or TV equipment to assist the hearing impaired
- Therapy
- Transportation (primarily for and essential to medical care)
- Vasectomy
- Weight loss programs to treat an existing disease
- Wheelchair
- X-rays

Examples of Non-Qualified Medical Expenses

- Baby-sitting and childcare for a normal, healthy baby
- Controlled substances
- Cosmetic surgery and procedures (unless for deformity)
- Cosmetics, hygiene products and similar items
- Dancing lessons
- Diaper service
- Domestic help
- Electrolysis or hair removal
- Funeral, cremation or burial expenses
- Future medical care
- Hair transplant
- Health club dues
- Health coverage tax credit
- Illegal operations and treatments
- Insurance premiums
- Maternity clothes
- Nonprescription drugs and medicines
- Nutritional supplements
- Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits
- Swimming lessons
- Teeth whitening
- Veterinary fees
- Weight-loss program