

FOCUS ON HEALTH CARE

HSA's are the picture of future health and long-term care

By **MARILEE FALCO**

Special for Lehigh Valley Business

An apple a day may keep the doctor away, but sadly, it will not keep future medical expenses at bay.

For those enrolled in high deductible health plans, an ideal way to accrue funds for future medical expenses is through a health savings account.



Falco

Those who put away funds in an HSA are not required to “use or lose” the dollars they contribute to the account, so young

and old alike can amass tax-advantaged savings over time – and can even use those savings in their distant retirement future without penalty.

Since HSAs are investment accounts that benefit from an investment pool rather than the simple interest offered in other savings vehicles, investors would be wise to explore this type of health care savings with their financial adviser.

For those with the ability to pay for upfront medical expenses through a high deductible plan, the tax advantages of HSAs are many:

If the contribution is made as a payroll deduction, no taxes are paid on the contribution.

Contributions to an HSA by an employer are excluded from one's gross income.

Investment earnings in an HSA are not taxed.

Qualified health expense withdrawals from an HSA are tax-free.

In addition, HSAs are “portable” – meaning that investors are able to keep the account even as they change employers or leave the workforce.

ACCUMULATION AND GROWTH

A noteworthy strategy for covering deductible expenses while maintaining future health care savings is to use cash reserves for deductible spending, leaving more funds in an HSA for higher growth potential.

Since contributions to an HSA are pre-tax, it can be prudent to tap personal cash reserves before using HSA funds – so as to let more pre-tax dollars compound.

Funds accumulated in an HSA when a contributor is young and healthy may provide funding for increased health care costs as one ages, including long-term care.

HSA funds can even be used to pay certain eligible health care insurance premiums under existing Internal Revenue Service rules.

NO COMPARISON

You may be wondering how HSAs differ from another health care savings



Young and old alike can amass tax-advantaged savings over time in a health savings account – and can even use the funds in retirement without penalty.

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HSA

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vehicle, flexible savings arrangements (commonly known as flexible savings accounts).

From a long-term health care savings perspective, the FSA is inferior to the HSA. Those contributing to FSAs must "use or lose" their annual contributions and cannot carry their savings into retirement.

Employers offering FSAs have the option of providing one of the following short-term options to employees, but are

not required to do so:

An employee can carry over \$500 of the funds from one year to another; otherwise, the unused funds go back to the employer.

Or an employee has a grace period into the next year – having to spend funds by March 15.

So, FSAs are not so flexible, after all.

MORE PRE-TAX CONTRIBUTIONS

In addition, pre-tax contribution limits for FSAs are lower than those of HSAs.

In 2017, the individual contribution limit for an FSA is \$2,600. The maximum HSA contribution for an individual, on the other hand, is \$3,400, and the maxi-

mum contribution for a family is \$6,750.

Those 55 and older can contribute an additional \$1,000 to their HSA, with a total family limit of \$8,750.

POTENTIAL EXPANSION OF BENEFITS

In his recent speech to a joint session of Congress, President Trump spoke about the possibility of increasing the annual HSA contribution limits, as well as expanding qualified expenses.

Democrats rebutted that average folks do not have enough extra income to benefit from increased contribution limits. Your financial adviser can keep you updated on developments that affect HSA savings.

But no matter the political climate, the

tax advantages, high contribution limits and long-term savings benefits of HSAs are undeniable.

Augmenting future health care savings by contributing to an HSA is just what the doctor ordered.

Marilee Falco is a principal and financial strategist at JoycePayne Partners of Bethlehem and Richmond, Va., responsible for client financial strategy and counsel, comprehensive financial planning and investment management. A Certified Financial Planner and chartered financial consultant, she can be reached at mfalco@joycepaynepartners.com.

CALENDAR

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Northampton Community College

Summary: Excellence in public speaking, presentation and facilitation

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 8 a.m.-4:30 p.m.

Cost: \$490

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Tuesday, April 4

Held by: Associated Builders and Contractors Eastern Pennsylvania Chapter

Summary: Legal relationships between contractors and suppliers

Where: Associated Builders and Contractors Lehigh Valley Office, 894 Marcon Blvd., Suite 110, Hanover Township, Lehigh County

Time: 8:30-10:30 a.m.

Cost: \$35 members, \$50 nonmembers

Contact: education@abceastpa.org or 610-279-6666

Tuesday, April 4

Held by: Bonnie L. Thompson, Edward Jones

Summary: Breakfast club

Where: Jukebox Café, 535 S. Reading Ave., Boyertown

Time: 8-9 a.m.

Cost: Free

Contact: Rachel Kunicki or Bonnie L. Thompson at 610-326-1035

Wednesday, April 5

Held by: Center for Business & Industry, Northampton Community College

Summary: Building a successful marketing program

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 9 a.m.-4 p.m.

Cost: \$159

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Wednesday, April 5

Held by: Bonnie L. Thompson, Edward Jones

Summary: Coffee club

Where: TriCounty Active Adult Center, 288 Moser Road, Suite 1, Pottstown

Time: 10-11 a.m.

Cost: Free

Contact: Rachel Kunicki or Bonnie L. Thompson at 610-326-1035

Thursday, April 6

Held by: Bonnie L. Thompson, Edward Jones

Summary: Making Your Money Last seminar

Where: The Center at Spring Street, 200 W. Spring St., Boyertown

Time: 1-2 p.m.

Cost: Free

Contact: Rachel Kunicki or Bonnie L. Thompson at 610-326-1035

Thursday, April 6

Held by: Center for Business & Industry, Northampton Community College

Summary: Quality risk management

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 8:30 a.m.-4:30 p.m.

Cost: \$189

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Friday, April 7

Held by: Center for Business & Industry, Northampton Community College

Summary: Problem-solving techniques

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 8 a.m.-4:40 p.m.

Cost: \$189

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Tuesday, April 11

Held by: Bonnie L. Thompson, Edward Jones

Summary: Making Your Money Last breakfast and seminar

Where: Landing of Collegeville, 1421 S. Collegeville Road, Collegeville

Time: Breakfast at 8:30 a.m., seminar from 9-10 a.m.

Cost: Free

Contact: Rachel Kunicki or Bonnie L. Thompson at 610-326-1035

Tuesday, April 11

Held by: Center for Business & Industry, Northampton Community College

Summary: Managing the performance of others

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 8 a.m.-4:30 p.m.

Cost: \$259

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Wednesday, April 12

Held by: Bonnie L. Thompson, Edward Jones

Summary: Breakfast club

Where: Saville's Diner, 830 E. Philadelphia Ave., Boyertown

Time: 8-9 a.m.

Cost: Free

Contact: Rachel Kunicki or Bonnie L. Thompson at 610-326-1035

Thursday, April 13

Held by: Associated Builders and Contractors Eastern Pennsylvania Chapter

Summary: Time management workshop

Where: Associated Builders and Contractors Lehigh Valley Office, 894 Marcon Blvd., Suite 110, Hanover Township, Lehigh County

Time: 8 a.m.-noon

Cost: \$100 members, \$150 nonmembers

Contact: education@abceastpa.org or 610-279-6666

Thursday, April 13

Held by: Center for Business & Industry, Northampton Community College

Summary: Root cause analysis

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 8 a.m.-4:30 p.m.

Cost: \$189

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Tuesday, April 18

Held by: Associated Builders and Contractors Eastern Pennsylvania Chapter

Summary: Microsoft Project advanced

Where: Associated Builders and Contractors Lehigh Valley Office, 894 Marcon Blvd., Suite 110, Hanover Township, Lehigh County

Time: 8:30 a.m.-3:30 p.m.

Cost: \$250 members, \$300 nonmembers; lunch included

Contact: education@abceastpa.org or 610-279-6666

Tuesday, April 18

Held by: Center for Business & Industry, Northampton Community College

Summary: Facebook for business

Where: Fowler Center, 511 E. Third St., Bethlehem

Time: 9 a.m.-noon

Cost: \$79

Contact: Laura L. Bauer at lbauer@northampton.edu or 610-332-8678

Wednesday, April 19

Held by: CSI (Construction Specifications Institute) Greater Lehigh Valley Chapter

Summary: 39th annual product expo and educational seminars

Where: Holiday Inn Conference Center, 7736 Adrienne Drive, Breinigsville

Time: 8 a.m.-5 p.m.

Cost: Free to attend

Contact: Clint Newton at cnewton@spillmanfarmer.com or at 610-865-2621

Wednesday, April 19

Held by: Associated Builders and Contractors Eastern Pennsylvania Chapter

Summary: Building a successful business development plan

Where: Associated Builders and Contractors Lehigh Valley Office, 894 Marcon Blvd., Suite 110, Hanover Township, Lehigh County

Time: 8 a.m.-noon

Cost: \$125 members, \$150 nonmembers

Contact: education@abceastpa.org or 610-279-6666

Thursday, March 16

Held by: Nine O'Clock Club and KD Consulting LLC

Summary: Selling in the new frontier by Richard Plinke of How to Sell the Plague LLC

Where: Northeast Berks Chamber of Commerce, Kutztown

Time: 9:30-11 a.m.

Cost: \$19 presale; \$29 and \$39 walk-ins

Contact: Kim Davis at 610-683-0852 or www.nineoclockclub.com

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