



## More Options for Funding Your HSA

New rules allow rollovers

You may be allowed to make a one-time transfer of amounts from your health flexible spending arrangement (health FSA) or your health reimbursement arrangement (HRA) to your health savings account (HSA). The amount you can transfer is limited to the lesser of the account balance of your health FSA or HRA as of August 21, 2006, or the account balance of your health FSA or HRA on the transfer date. You are allowed to take advantage of this new rollover option until December 31, 2011.

Also beginning this year, you can withdraw funds from your IRA and transfer them tax-free to your HSA. You are allowed to make this rollover only once during your lifetime. The amount transferred can be up to the maximum deductible HSA contribution for the type of coverage (individual or family) in effect at the time of the transfer. The amount transferred is excluded from your gross income and is not subject to the ten-percent early withdrawal penalty.

## Are You Eligible to Receive Social Security Benefits?

Know when to retire and how to preserve your benefits

If you have reached full retirement age, you are able to collect social security benefits while working and still keep your entire benefit. However, because social security benefits are based on the years you make your highest wage, your benefits may go up if you currently have a high-paying job. Social security works as follows:

- If you are younger than age 65 years and 10 months during all of 2007, \$1 from each \$2 of earnings above \$12,960 will be deducted from your benefits.
- If you turn 65 years and 10 months during 2007, \$1 from each \$3 of earnings above \$34,440 will be deducted from your benefits.
- If you are self-employed, count all net earnings as income at the time you receive them, unless you earned the money before becoming eligible for social security, but you didn't collect it until after becoming eligible. For example, Brian is a self-employed house painter who will be eligible for social security benefits on June 1. He painted a house in May and charged the customer \$1,000. The customer did not pay Brian for the job until July. Even though Brian received the money after he became eligible to collect benefits, he will not count the \$1,000 towards determining whether his income is over the limit because he earned it before he became eligible.
- If you are an employee, only wages you earn at the time count towards the social security earnings limit, not when you actually receive those wages.

Is it wise to begin collecting right away? If you begin collecting benefits before full retirement age, your benefits are permanently reduced for the length of time you draw them. You will collect less money annually, but will collect over a longer period of time, depending on how long you live. If you start to collect benefits at full retirement age, you'll receive the full amount for the remainder of your life. For individuals who have not acquired 40 social security credits and who are able to earn the additional credits needed by working a couple more years, it's almost certainly worthwhile to work until they become eligible.

