

May 20, 2009

MEMORANDUM TO CLIENTS

IRS Announces 2010 HSA/HDHP Limits

The Internal Revenue Service ("IRS") announced the 2010 annual contribution limits for health savings accounts ("HSAs") and the minimum deductible and maximum out-of-pocket limits for accompanying high deductible health plans ("HDHPs") on May 14 – over two weeks ahead of the statutory notice deadline of June 1st.

Revenue Procedure 2009-29 amends and supersedes Revenue Procedure 2008-29 to establish the following limits for 2010:

Annual HSA Contribution Limit: Self-only: \$3,050 Family: \$6,150

For 2010, the limit on HSA contributions for an individual with self-only coverage under an HDHP is \$3,050, up from \$3,000 in 2009. The 2010 annual contribution limit for an individual with family HDHP coverage is \$6,150, up from \$5,950 in 2009. For 2010 and future years, individuals who are age 55 or older may also make an additional \$1,000 catch-up contribution.

**HDHP Limits: Minimum Deductible: Self-only: \$1,200 Family: \$2,400
Maximum Out-of-pocket: Self-only: \$5,950 Family: \$11,900**

For 2010, an HDHP is a health plan with an annual deductible not less than \$1,200 for self-only coverage and \$2,400 for family coverage. The 2009 limits were \$1,150 and \$2,300, respectively.

For 2010, an HDHP's annual out-of-pocket expense limit may not exceed \$5,950 for self-only coverage and \$11,900 for family coverage. The 2009 limits were \$5,800 and \$11,600, respectively.

2010 HSA Contribution/HDHP Limits

2010 Limits	Self-Only	Family
Annual Contribution Limit	\$3,050	\$6,150
Catch-up Contribution	\$1,000 per individual age 55 or over	\$1,000 per individual age 55 or over
Minimum Deductible	\$1,200	\$2,400
Maximum Out-of-Pocket	\$5,950	\$11,900

For more information on HSAs or on how to incorporate the changes into existing health plans contact Chris Keller, Bill Sweetnam, Brigen Winters, or Jen Cromwell.

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If you have any questions, please contact your regular Groom contact or any of the

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