

Dear Friends of our Firm:

If you're like many business owners—but particularly sole proprietors—you're finding it difficult to keep up with skyrocketing health insurance costs, and you may be feeling the pinch from your own pocket. Fortunately, we can offer a possible solution.

Consider using an IRS-approved Health Savings Account (HSA). The “new, improved” HSA program has replaced Medical Savings Accounts (MSA)—also called Archer MSAs—that failed to catch on with the public.

Used in combination with a high-deductible health insurance plan, an HSA is similar to an IRA for medical expenses. Account holders can make tax-deductible contributions within certain limits, and they pay no federal income tax on the account's earnings.

Best of all, withdrawals are 100 percent free from federal income taxes so long as the money is used to pay for qualified medical expenses.

HSAs hold several distinct advantages over MSAs, including:

- ✓ HSAs aren't limited to self-employed and small businesses; individuals can participate, too.
- ✓ The deductible required for the HSA-related health insurance plan can be significantly lower than the MSA plan.
- ✓ People who have money left over in their HSAs at year-end can continue to hold that money in their accounts and use it to pay medical expenses in future years.
- ✓ Unlike the MSA, the HSA is not a pilot program; it's a permanent deal.

Of course, this type of arrangement won't meet everyone's needs, but it may be worth a closer look. To learn more about the benefits of HSAs, give us a call at (xxx) xxx-xxxx.

Very truly yours,

[Signature]

[Name]

[Title]

P.S. The ever-escalating cost of health insurance demands your immediate attention. We would be glad to discuss other alternatives that may be suitable for your personal situation.