

Greetings and salutations. I hope your holiday season with loved ones went well. Here is the information you need to know about the insurance world to help you stay on top of managing the risks in your life.

**HEALTH SAVINGS
ACCOUNT
DEDUCTIBLES
INCREASING FOR
2007**

If you have a Health Savings Account combined with a high deductible health insurance plan provided by your employer through Blue Cross, deductibles are increasing for 2007. If you have the low deductible health plan, the deductible is increasing for individuals from \$1,350 to \$1,375 for 2007. The family deductible is increasing from \$2,650 to \$2,750. If you have a high deductible health plan, the individual deductible is increasing from \$2,650 to \$2,750 for individuals and from \$5,250 to \$5,500 for families.

**"HOW MUCH OF THE
DEDUCTIBLE CAN BE
DEPOSITED IN MY
HEALTH SAVINGS
ACCOUNT FOR
2007?"**

Blue Cross health plans have a special feature that allows any expenses you incur in the last quarter of a calendar year (i.e., 2006) that you pay toward that year's deductible to be rolled over into the following year (i.e., 2007) and count toward that following year's deductible also. This means effectively that you have 15 months to accumulate a 12-month deductible. Therefore, the IRS allows you or your employer to only put away 80% (i.e. 12/15th's) of your 2007 deductible into a Health Savings Account.

If your 2007 individual deductible is \$1,375, the maximum you can contribute is \$1,100. If your deductible is \$2,750, the maximum you can contribute is \$2,200, and if your 2007 deductible is \$5,500, the maximum you can contribute is \$4,400.

**CHECK WITH YOUR
ACCOUNTANT IF YOU
DISAGREE WITH THE
IRS RULING**

The Internal Revenue Service argument that you have 15 months to accumulate a 12-month deductible only holds water if you're an individual who has not satisfied their deductible by the fourth quarter of the year. However, the majority of people probably do meet their deductible by the end of the third quarter and, therefore, don't reap any benefits from the fourth quarter deductible carryover. For those people, I don't think the 80% limitation should apply. I encourage you to check with your accountant and rely on their advice.

**REMINDER ABOUT
"CATCH-UP"
CONTRIBUTIONS FOR
THOSE AGE 55 AND
OLDER**

In addition to the normal contribution, those age 55 and older can contribute up to \$800 additional to their Health Savings Account in 2007. If you turn age 55 sometime in 2007, you can pay in a proportionate share of the \$800 (i.e., if you turn age 55 on April 1, you are 55 years old for 9 months or 75% of the year, you can contribute 75% of the \$800, or \$600, additionally to your Health Savings Account for 2007).

**REMEMBER THE
HEALTH SAVINGS
ACCOUNT
CARRYOVER
BENEFITS**

Remember that all money contributed to your Health Savings account by either you or your employer is yours to keep. It's not subject to the "use it or lose it" rules of the cafeteria plans that many employers sponsor. Remember, too, that the carryover funds for 2006 can be used for almost any medical or dental expense, including eyeglasses, bridges, crowns, laser eye surgery, etc., expenses that are not covered by your health insurance plan. Remember, too, that the leftover funds that you don't use in 2006 can often be used to cover the uncovered medical and dental expenses of other family members in most cases.

**REGISTER AT
www.mybluecrossmn.com
TO MONITOR YOUR
HSA DEPOSITS AND
CLAIM WITHDRAWALS**

Once you're set up there, you can access your Health Savings Account activity—deposits, withdrawals, etc., how much was paid and to whom it was paid and when. You can also find out how much remains on your annual health insurance deductible. I've checked it out myself. It's quite user friendly. (The website passed the "Jewels' Test"! My wife, Judy, who by her own admission is not at all computer literate went to the site the other day and accessed all the information she needed regarding paid bills and remaining deductibles, etc. Way to go Jewels!)

**BLUE CROSS IS
INTRODUCING THEIR
DEBIT CARD FOR
HEALTH SAVINGS
ACCOUNTS IN 2007
EFFECTIVE 1/1/07 FOR
GROUPS AND 4/1/07
FOR INDIVIDUAL
ACCOUNTS**

Starting January 1, Blue Cross is introducing a debit card you can use to pay your pharmacy charges directly from your Health Savings Account much as you would use a debit card with a bank account. Fees are \$12 a year for the first card, \$6 a year for the second.

This card was created to give you added convenience and access to your HSA funds for both covered and non-covered expenses (i.e., no more having to submit receipts and wait for reimbursement). Remember three things if you choose a debit card for your HSA account:

1. Blue Cross will no longer pay any bills directly. You will have to use your debit card for everything.
2. You will now be responsible for keeping your receipts for a possible tax audit since Blue Cross will no longer be monitoring the appropriateness of the medical expense.
3. The card only works if you have money in your account.

To request a debit card for you or a spouse, call 1-800-859-2124. You can also this number to check on your Health Savings Account balance.

**REMEMBER THE
30-DAY WAITING
PERIOD FOR NEW
FLOOD INSURANCE
POLICIES**

Spring flooding is just around the corner along with heavy spring rains. Ground water losses of virtually all kinds are excluded under Homeowner's insurance, but you can purchase coverage for most of these exposures through the Federal Government's flood program, which we can help you with. Remember, too, that the "flood" damaging your home does not have to be "Ark-Worthy" (high and deep enough that it can float a 50,000 pound Ark full of two animals from every species). To be eligible for flood coverage, the only requirement is that your home either sits on two or more acres of your own land or that at least one adjoining property to your property also gets water damage from heavy rains. If you're not in a high-risk flood zone, premiums start as low as \$100 a year. If you're at all concerned about this risk, give me a call, and we can talk about the appropriateness of flood coverage to your situation.

**GOOD NEWS!
AUTO OWNERS
ANNOUNCES HIGHER
LIMITS FOR SEWER
AND WATER BACKUP
COVERAGE***

The bad news is that the prices for the increased coverage are extremely high in my opinion in relation to the market. \$5,000 coverage, which most of you currently have, is \$50 a year; \$10,000 is \$110 a year; \$25,000 is \$275 a year; and \$50,000 is \$385 a year. I do recommend that you buy increased water damage coverage for both sewer and water backup and sump pump failure if you have a nice finished lower level. But at these prices, don't buy any more than your probable maximum loss. I'd be happy to help you with that if you give me a call.

**Note:* To be eligible for these increased limits, the home can't be over 25 years old, you can't be in a flood plain, and you can't have had any water damage claims in the last three years.

**ONE MAJOR
ADVANTAGE OVER
FLOOD INSURANCE**

The combined "sewer and water backup coverage and sump pump failure coverage", unlike flood insurance, will cover structural improvements and personal property in basements that have no ground-level egress. If your basement fits that description and you are concerned about water damage from groundwater, installing a sump pump and then buying this supplemental coverage is the only way you can protect yourself.

**OPEN ENROLLMENT
FOR A "SENIOR
GOLD" MEDICARE
SUPPLEMENT POLICY**

Great news. From now until March 31, 2007, the one Medicare supplement policy I most strongly endorse—the Blue Cross Senior Gold policy—is available to anyone who is both a Minnesota resident and has both Medicare Parts A and B, regardless of your health. If you don't have a supplement or dislike the supplement you have, call us before March 31 to set up a Blue Cross Senior Gold policy for you. No medical questions at all!

**BLUE CROSS
INTRODUCES
INEXPENSIVE HEALTH
INSURANCE POLICY
FOR YOUNG SINGLES**

Targeting ages 19 to 30 who might otherwise be uninsured, this policy called "Simply Blue" is less expensive than more traditional health plans. The positives are the low cost -- about \$100 a month. \$5 million lifetime policy benefit. Up to \$1,000 annual coverage for office visits, lab tests and x-rays etc.. Some coverage for generic drugs, one emergency room visit per year, and some preventative care, all of which are not subject to the annual policy deductibles which are high--\$5,000, \$7,500, or \$10,000. There is however 100% coverage after the annual deductible has been satisfied. There is no coverage for maternity, labor and delivery expenses. For the young risk taker, I give this product a "thumbs up".

If you or one of your children in that age group is single without any health coverage now and you have some interest in finding out more about this product, call me personally. As always, I will help you choose the best product to meet your needs.

**HARLEYSVILLE'S
UMBRELLA
COVERAGE IS
CHANGING**

If you have a Harleysville Umbrella policy now, here's what you need to know: Harleysville recently made a good-faith attempt to improve the coverage of their umbrella policy at a time when the insurance industry in most cases is significantly restricting umbrella coverage. Harleysville largely succeeded.

WHAT YOU GAIN

You now have coverage for:

- Use of borrowed or rented recreational vehicles, snowmobiles, ATV's etc.
- Incidental business coverage for your kids under age 21 who babysit, cut lawns, fix bikes, etc. Annual receipts cannot exceed \$5,000 a year, nor can there be any employees.
- Punitive damage coverage is now included in states that allow them (they are not allowed in Minnesota).
- Coverage for use of go-karts or similar kiddie cars when you use them in an Amusement Park or recreational facility, provided their top speed is 15-miles or less. When I see this, I think of the summer vacations we took in Northern Minnesota, where on the way up to our destination, we always had to stop at the little go-kart race track outside of Brainerd, Minnesota, where I, Angela and/or J.P. would motor around these zig-zag courses, bumping into each other and trying to pass each other, etc.) If that's a tradition in your family, you now have coverage for anyone that you might injure.

—WHAT YOU LOSE

- You no longer have coverage for boats you borrow or rent (a big coverage reduction for those in the State of 10,000 Lakes!)
- You no longer have pollution liability for the sudden escape of fuel from a fuel system or storage tank.

If you rent or borrow boats at all, or if you have a fuel storage tank, it's important that you call me so that I can move your Umbrella policy to another insurance company that will include these coverages in their Umbrella policy.

HOW GOOD IS CREDIT CARD TRAVEL INSURANCE?

I'm referring to that kind of travel insurance you get when you charge your insurance trip to your gold credit card. Clients Bill and Jackie sent me a copy of the Visa Gold coverage her daughter received when she charged her trip to her credit card. Here is what was included:

- Life insurance—but only for accidental death and only if it occurs on the trip. No coverage for death from illness.
- Medical evacuation coverage--\$50,000 limit. The catch? The evacuation must be approved by the representative of the credit card company. (What are the odds?) Plus transportation evacuation is covered only to the nearest hospital. They would not cover, for example, flying home from Europe to the United States for care. With a full medical evacuation from a foreign spot to the United States costing anywhere from \$35,000 to \$100,000 per evacuation, this is a pretty big risk for any of you that travel on a somewhat regular basis.

This just goes to show that you still do get what you pay for. In this case, nothing extra was paid and therefore...

CONSIDER MEDJET FOR MEDICAL EVACUATION INSURANCE

For years, I've been recommending medical evacuation insurance from a company in Alabama called MedJet (www.medjetassist.com). Their coverage is unlimited—no dollar limit. You personally get to make the decision as to whether or not an evacuation is necessary, and you get evacuated to the hospital of your choice. There is even evacuation coverage for evacuations done in the United States (i.e., You take a trip to Arizona and you come down with a recurrence of a heart condition and you really want to fly back to the hospital and doctors you are familiar with in Minneapolis. It's a done deal with this particular company's coverage.) The cost is amazingly reasonable. \$225 per year for individuals, \$375 for families. (That is per year -- not per trip!)

IRA CONTRIBUTION LIMITS REMAIN UNCHANGED FOR 2007

The 2007 limits remain unchanged from 2006. \$4,000 is the maximum for individual IRAs for those under age 50; \$5,000 for those over age 50. Just a reminder that if you want the security of a tax sheltered annuity for part of your IRA contributions, contact me, and I can help you find a good valued product that pays a good return.

MY 22-YEAR NEWSLETTER INDEX IS ENCLOSED

Listing all topics from 1985 through 2006 which are still pertinent today. I recommend that if you're an established client, you use it as a checklist to see if there is anything that has changed in your life that needs to be addressed (i.e., pending household move, pending wedding reception, putting on a new home addition, etc.) For new clients, I recommend that you scan through the topics and contact us if there is anything you have interest in learning more about.

ALL NEWSLETTERS SINCE 2002 ARE NOW AVAILABLE ON MY WEBSITE

Under the newsletter tab, all newsletters are now available on my website. (www.jackhungelmann.com)

They can be downloaded. You can also add your name or a friend's name to the newsletter mailing list to receive by e-mail an electronic copy of future newsletters.

This February marks 35 years as an insurance agent! (Yes, I did start at age 12!) I still love my job and love showing up for work every day. I love working with you to help you get peace of mind and freedom from stress around insurance issues. After 35 years on the same job, I am indeed pretty fortunate to be able to say that.

All the best!

Jack Hungelmann



Insurance For Dummies authored by Jack Hungelmann. Buy it online at www.dummies.com or www.amazon.com.