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## Unit 22 Cram Sheet

### Tax Treatment of Personally Owned and Group Health Insurance Medical Expense Policies for Self Employed Persons and Partners

- Self Employed
  - # Deduct premiums if have a net profit from business
  - # Not covered by a group policy
  - # Benefits not taxable
- Partnerships
  - # Premiums deductible for partnership
  - # Premiums are income to partners
  - # Benefits not taxable

### Business Disability Insurance

#### Health Savings Account—HSA

- Individually owned medical expense savings account
- Contributions are tax deductible
- Withdrawals are tax free
  - # Used to pay qualified medical expenses
- Must have a high deductible health plan
- Account values accumulate from year to year

#### Health Reimbursement Accounts—HRA

- Established by the employer
- Employer contributions are pretax
- HDHP not required
- Employee can use money in the HRA to pay deductibles, coinsurance and co-payments
- Money rolls over from year to year

#### Flexible Spending Arrangement—FSA

- Employee authorizes employer to reduce employee's salary
- Employer puts the money into FSA account
- Withdrawals by employee are not taxed
  - # Only certain approved benefits
- Spend it or lose it