



We Take the Stress Out of  
Income & Retirement Planning

# News From The Hill

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**Dear Terrence,**

In this edition of the news letter, articles include From The Desk of Terry Hill, Understanding Health Savings Accounts, and Just for Fun Fourth of July Trivia.

Please let me know if you have suggestions for newsletter articles. I'm also happy to discuss any questions that may arise in your financial world. Thanks for reading and dream big!

## From The Desk of Terry Hill

Like many of you, my family and I had a wonderful time celebrating the Fourth of July holiday weekend. When I was growing up, the Fourth seemed mostly about barbeques, friends, hanging out at the pool, and fireworks. Through my adult years, however, I've come to better appreciate what Independence Day really means. We have a degree of freedom in our nation that few today and even fewer throughout recorded history have enjoyed. And that freedom came (and still comes) at a steep price. We have the freedom to speak our mind, the freedom of religion, the freedom to assemble, and the freedom to question our government.

In addition, we have the freedom to choose our own leaders - from the local city council to the president of the United States. It's not always perfect, but if you really reflect on it, we, as a nation, govern ourselves. And this grand experiment in democracy has been exported around the world in many forms.

This leads us to Europe--and the United Kingdom in particular. On June 23, the UK voted in a nonbinding referendum to exit the 28-nation economic and political bloc called the European Union. Though "Brexit" was chosen by a narrow margin, the people had spoken. Given it's a nonbinding referendum, British lawmakers could ignore the results. While there has been some talk that a UK exit will never happen, at this juncture, it doesn't seem likely the referendum will be ignored. Nonetheless, a victory by the "Leave" camp wasn't supposed to happen. While the vote was expected to be close, pollsters, analysts, and even the bookies who took bets all projected "Remain" would squeak through with a win. In advance of the vote, stocks rallied in anticipation "Leave" would go down to defeat.

### In This Issue

[From The Desk of Terry Hill](#)

[Understanding Health savings Accounts](#)

[Just for Fun](#)

[Our Guiding Principles](#)

[Meet Our Team](#)

[What Makes us Different](#)

Whether good or bad, continuity usually benefits markets because it provides certainty. Why might this be viewed as heightened uncertainty? Well, we're in uncharted waters. No nation has ever asked to leave the EU. Could Brexit fuel other separatist movements and create additional economic uncertainty in Europe? Might we see the euro currency, which is shared by 19 nations, begin to unravel? How might this pressure an already fragile European banking system? And will the dollar begin to strengthen as global investors see the relative safety of the U.S. as a shelter from the stormy global environment? In some respects, the vote boiled down to economic uncertainty versus national sovereignty. In a nutshell, what voters viewed as onerous regulations and their impact on national sovereignty trumped the economic uncertainty a Brexit might cause.

### **Let's not discount the positives at home**

Many of the themes that have kept stocks near highs continued to play out over the quarter that just ended. On the plus side, U.S. economic growth appears to have accelerated in Q2 and interest rates remain low. While Brexit may muddy the picture, earnings are forecast to begin rising again in Q3 (Thomson Reuters). Moreover, the dollar's recent stability reduces the drag on revenues from firms that do a significant amount of business overseas. When U.S. companies sell goods around the globe, they must translate those sales back into stronger dollars. A rising dollar is gift for Americans traveling overseas, but it puts a dent in the bottom line of multinationals.

### **What's an investor to do?**

Control what you can control - the investment plan - and be very careful about making a rash decision based on an emotional selloff. Stocks took a beating in the wake of the Brexit vote but quickly recovered nearly all of their losses by the end of June. I understand that most investors don't fully understand the impact of what just happened in Europe in relation to their investments. Honestly, many analysts would concede there are unknowns. My goal, however, is to keep you focused on your financial goals and objectives. Emotionally based decisions rarely work out in your favor.

By itself, the UK's economy won't send the U.S. economy into a recession. But Brexit creates a new level of uncertainty and risk. However imperfectly, investors attempt to discount the event, pricing in how it may affect the U.S. economy and corporate profits. If you ever have questions or concerns, or just want to talk, my team and I are always available.

### **Final thoughts**

While we do not know where the waves of populism that are swelling in the U.S. and Europe may take us, they represent the will of free citizens. Democratic freedoms enable the ordinary to do the extraordinary; to innovate, create wealth and fuel new economic growth. True, free elections aren't always neat and tidy, but history strongly suggests they are a vital ingredient for long-term economic success. I hope you've found this review to be educational and helpful. As I always emphasize, it is my job to assist you!

Thank you very much for the trust and confidence you've place in my team and my firm.

**Terry Hill & Associates is a team of experienced Professionals:**



***Our goal is to manage your family's wealth to minimize your stress and maximize your financial independence and personal well-being.***

## Understanding Health Savings Accounts

Health savings accounts (HSAs) are tax-preferred savings accounts set up in conjunction with high-deductible health insurance policies that are used to fund qualified medical expenses. Enrollees or their employers make tax-free contributions to an HSA, then use the funds typically to purchase medical care until they reach their deductibles. But HSAs are not for everyone and it helps to fully understand how they work before considering them as a viable option to help fund your health care costs.

HSA Specifics

You are eligible for an HSA if you meet these four qualifying criteria:

- \* You are enrolled in a qualified high-deductible health plan (HDHP).
- \* You are not covered by another disqualifying health plan (whether insurance or an uninsured health plan).
- \* You are not enrolled in Medicare.
- \* You are not a dependent of another person for tax purposes.

HSAs are generally available through insurance companies that offer HDHPs. Many employer-sponsored health plans also offer HSA options. Although most major insurance companies and large employers now offer an HSA option under their health plan, it's important to remember that most health insurance policies are not considered HSA-qualified HDHPs. In fact, the IRS has set limits as to what qualifies as an HDHP. For 2016, a plan can only be considered an HDHP if its deductible is at least \$1,300 (\$2,600 family). So make sure to check with your insurance company or employer to see if an HSA plan option might apply.

The maximum contribution to an HSA for 2016 is \$3,350 if you have single coverage, or \$6,750 if you have family coverage. If you are over age 55, then you can contribute an additional \$1,000 in 2016 regardless of whether you have single or family coverage. Such contributions are made on a before-tax basis, meaning they reduce your taxable income. Note that unlike IRAs and certain other tax-deferred investment vehicles, no income limits apply to HSAs.

HSA's offer investment options that differ from plan to plan, depending upon the provider. What's more, HSA account balances carry over from year to year, unlike their predecessors, medical savings accounts (MSAs), which contained a "use it or lose it" feature that severely limited their usefulness for most people. Earnings on HSA's are not subject to income taxes.

Any ordinary medical, dental or health care expense that would qualify as a tax-deductible item under IRS rules can be covered by a HSA. A doctor's bill, dental procedures and most prescriptions are examples of covered items. See IRS Publication 502 for a definitive guide of what costs are covered. If funds are withdrawn for any other purpose than qualifying health care expenses before age 65, you will be required to pay taxes on amounts withdrawn plus a 20 additional federal tax. Once you reach age 65, you can use HSA money to pay for non-medical expenses, but you will still owe taxes on the withdrawal. In summary, HSA's can offer significant benefits for some situations, but may not fit your specific needs.

Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans'

	For 2016	For 2015	Change+
HSA contribution limit (employer + employee)	Individual: \$3,350	Individual: \$3,350	Individual: no change
	Family: \$6,750	Family: \$6,650	Family: \$100
HSA catch-up contributions (age 55 or older)"	\$1,000	\$1,000	no change
HDHP minimum deductibles	Individual: \$1,300	Individual: \$1,300	Individual: no change
	Family: \$2,600	Family: \$2,600	Family: no change
HDHP maximum out-of pocket amounts (deductibles, co-payments and other amounts , but not premiums)	Individual: \$6,550	Individual: \$6,450	Individual: \$100
	Family: \$13,100	Family: \$12,900	Family: \$200

\* Catch-up contributions can be made any time during the year in which the HSA participant turns 55.

\*\* Unlike other limits, the HSA catch-up contribution amount is not indexed; any increase would require statutory change.

-Source: Obamacarefacts.com, "Health Savings Account (HSA)."



Just for Fun Independence Day Quiz

How well do you know you're Fourth of July Facts?

What happened on July 4th 1776?

- a) The first battle of the Revolutionary War
- b) The Second Continental Congress declared independence from Britain
- c) The Declaration of Independence was adopted by the Second Continental Congress
- d) The Declaration of Independence was signed

The Second Continental Congress met in in which city to draft the Declaration of Independence?

- a) Boston
- b) New York
- c) Baltimore
- d) Philadelphia

Which of the following did NOT sign the Declaration of Independence?

- a) Samuel Adams
- b) Benjamin Franklin
- c) John Hancock
- d) George Washington

Who was the primary author of the Declaration of Independence?

- a) Benjamin Franklin
- b) George Washington
- c) Thomas Jefferson
- d) John Adams

Which was not one of the thirteen original colonies?

- a) Georgia
- b) Virginia
- c) Vermont
- d) Massachusetts

Which river did George Washington and his men cross on Christmas day in 1776 in a prelude to a surprise attack on the Hessian garrison?

- a) Hudson
- b) Potomac
- c) Connecticut
- d) Delaware

Which European Power did NOT fight on the side of the colonists in the Revolutionary War?

- a) Spain
- b) France
- c) Netherlands
- d) Germany

The "Midnight ride" of which American patriot was later immortalized by poet Henry Wadsworth Longfellow?

- a) James Hawk
- b) Samuel Adams
- c) Joseph Warren
- d) Paul Revere

Answers: c, d, d, c, c, d, d, d

## Events and Celebrations





On Wednesday, May 25th Terry Hill & Associates hosted a wine tasting event at Grape Vine Springs Winery in Grapevine, Texas. Owner and general Manager David Besgrove was present to provide our guests with information regarding wine selection, the history of the wines and generous samples of the various wines they produce including reds, whites, sweet wines and dessert wines. A variety of cheeses and fruit were provided. Some of what we learned from David is Grape Vine Springs is a full production winery and has been making wine for over 10 years. They pride themselves in partnering with some of the finest vineyards in California to provide the best juice to produce great wine. "By purchasing juice from California, instead of trying to grow grapes, we have a great selection of different wines that we can produce". Many of our guests in attendance have commented on what a unique establishment Grape Vine Springs is and look forward to returning to Grapevine. Overall it was a very enlightening and enjoyable experience had by all and many thanks to our guests and David.

**Our website has gotten a brand new facelift take a moment to visit this site brimming with new articles and videos!**

**[www.TerryLHill.com](http://www.TerryLHill.com)**

**We would like to take this time to thank all of you who have given us the opportunity to help your family, friends and colleagues. Thank you for the introductions; we always appreciate the chance to help.**

**Here are some examples of the folks we can help:**

### **Retirees**

**Someone who is about to retire, or has retired. We can assist those individuals with pre-retirement and post-retirement portfolio management, long-term care insurance requirements, Medicare questions, and estate planning.**

### **Business Owners**

**Someone who is about to sell his or her business, or, maybe has just sold the business, we can help. Not only will they have questions regarding portfolio development, but they probably will also have income and estate tax questions related to the sale.**

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.



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