THE NATIONAL INFERTILITY ASSOCIATION

Conceivable Options: Financing Treatment
By Mindy Berkson

The costs of undergoing infertility treatment can be overwhelming. So with a sluggish economy and restricted borrowing options, how do you prepare to pay for treatment?

The desire to be pregnant often overrides the cost factor, and the willingness to beg, borrow, or sell all the furniture to fulfill that desire is top of mind to most. However, the toll that an emotionally-driven financial decision can take on families and relationships cannot be underestimated, and is worth evaluating before embarking on the infertility journey.

Based on both my personal and professional experience, I can tell you that in order to maximize your chances of successful treatment—and minimize your financial expenditures—it is necessary to make educated, versus emotionally-driven, financial decisions throughout the process. While making informed, non-emotional choices is difficult, it is also empowering during a journey that can feel like you're on a train without an engineer.

Financial decisions can greatly affect the timeframe with which to move forward with treatment and the ability to move freely from one treatment option to the next. Thus it is essential to establish a plan for financing fertility (fertility center financing and other options) and set parameters for borrowing while simultaneously investigating insurance coverage.

In my experience, it is important to evaluate financing options from the point of view of the ideal family building goal, and from there explore available treatment options and their respective costs. Knowing the end goal, and your options, allows you to explore and discuss your individual emotional tolerance for each avenue. Just as there is not one medical solution for all patients, there is not just one financial solution for funding your infertility treatment.

So, where do you begin? After understanding treatment options and costs, I recommend gaining a thorough understanding of your lifetime insurance benefits for diagnostic and treatment procedures, as well as medication. Then you can determine your out of pocket expenditures for a given cycle. This includes all medical, holistic, travel and third-party reproductive expenses (such as agency fees, donor or surrogate compensation rates and attorney fees). Second, it is necessary to think about this expense over multiple cycles—in the event of a failed cycle or for a future cycle.

All this information allows you to effectively evaluate your personal risk and financial tolerance as they relate to your family building goal. Ask yourself questions such as: How many attempts and how much money are you willing to expend on a particular cycle? How are your hard-earned dollars best spent? Which treatment options yield a reasonable chance of success? And how do you best maximize the chance of success while minimizing the overall financial expenditure?

The answers to these questions are the financial milestones necessary to use as a guideline to know when to change the course of treatment, stop treatment or move on to another family building option. Once you have established a general guideline for your treatment course, it is essential to speak with a financial planner or a tax advisor who is familiar with your current financial situation and understands the scope of what may be needed for multiple treatment cycles as well as the future financial needs of your growing family.

Understanding Financing Options

All options have their own set of restrictions and ramifications, which can differ dramatically depending upon your personal situation, specifically:

- What are the relevant tax implications of any particular decision?
- What is the effect of borrowing and decreased savings on your credit score?
- What is your liquidity limit, and what do you have set aside for emergency funds?

There are several options available for financing:

Savings

This is either money set aside in a savings account or investments that can be sold from your portfolio. If you are prepared to sell stocks or bonds, make certain that you understand all the associated tax consequences. It is essential to speak with a financial planner or a tax professional to offer you guidance specific to your individual financial circumstances. Another important consideration is to maintain some level of savings, either in cash or investments, as a safety net.

Employer-offered Health Savings Accounts

A health savings account (HSA), also known as a Flexible Spending Account (FSA) is a pre tax savings account that may be offered through your employer. You can set up this account at the beginning of your benefit period; at that time you can also declare the amount of money that you choose to set aside for healthcare expenses. The maximum amount available to fund an HSA or FSA is determined by the IRS: in 2009, it is $3,000 for individuals and $5,950 for families. Exactly how you fund the account depends upon your company's specific policies, but typically, a set amount is taken out of your paycheck monthly. This allows you to use pretax dollars to pay for costs associated with healthcare expenses up to the IRS mandated quota. Since infertility coverage and associated costs are a gray area for the IRS, some companies allow for the HSA account to pay these costs and others don't. Be sure you know ahead of time exactly what your company's policy allows. For a complete listing of what you can use your HSA money for, refer to the IRS guidelines available online www.irs.gov and ask your tax advisor to evaluate the specifics.

Loans

Loans can be from public or private sources and secured or unsecured. Secured loans are tied to an asset, such as a car, a home, or a valuable piece of jewelry or art, etc. It is imperative to shop around for the best available rate and if you have a variable rate loan, understand how that rate is calculated so that you can anticipate when the rate will change, for better or worse. You need to be able to make the monthly payments if the payments increase. Also, keep in mind that any loan you take out further decreases your credit score.

Home Equity Loans

This is and has been a popular option for borrowing, for two main reasons. First, the interest you pay may be deductible on your federal tax return. Second, you don't have to use all the borrowed money at one time. This is important to consider when setting financial reserves aside for more than one cycle. Compare available rates, especially in these unstable economic times. The rates offered by your current mortgage lender may not be the best available.

Borrowing from Retirement Accounts

The IRS has provisions which allow for borrowing from retirement accounts for healthcare costs. These provisions are known as hardship withdrawals or an unforeseeable emergency. In order to qualify, you must formally petition either your employer or in the case of IRA accounts the individual managing institution.

If you do receive approval to qualify for the healthcare loan, the amount you withdraw must be repaid to the account within a set timeframe. If you do not qualify for an approved healthcare loan, you can still borrow from your retirement account. However, the amount of funds, the penalties, and payback period associated with the loan depend upon the type of loan you get and the type of account you have.

It is important to enlist the help of your benefits department to fully understand qualifications and payback periods, as well as a qualified financial planner or tax professional who can thoroughly explain and pinpoint the best option for your individual financial situation.

Personal Choice with Many Options Available

In conclusion, when it comes to financing infertility, there are many options to explore and no one option is right for everyone. The best option for you is the one carefully chosen after considering your end goal, evaluating your financial situation and seeking the counsel of a financial or tax professional. With prudent financial planning for current and unforeseeable expenses, realistic expectations for each cycle and established guidelines for the course of treatment, you will be in the best position possible to make educated decisions and maximize your chance of success.

Mindy Berkson has more than a decade of experience in the infertility field. She founded Lotus Blossom Consulting, LLC one of the first infertility consultancies in the United States in 2005 after her own battle with secondary infertility. Ms. Berkson has guided hundreds of intended parents through the stressful demands of the infertility process by providing professional and compassionate assistance in dealing with the emotional, physical, and financial barriers involved with third-party reproduction. She can be reached at consultant@lotusblossomconsulting.com or at www.lotusblossomconsulting.com