



RETIREMENT PLAN SERVICES

A tax-smart way to save for retirement

Health savings accounts (HSAs)

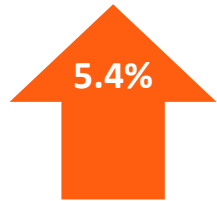
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Getting a handle on healthcare costs in retirement

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Healthcare costs are expected to rise on average 5.4% each year for the next decade.¹



Today, a couple may spend an average of \$315,000 on healthcare during retirement.²



Longer lifespans lead to more years of healthcare costs.



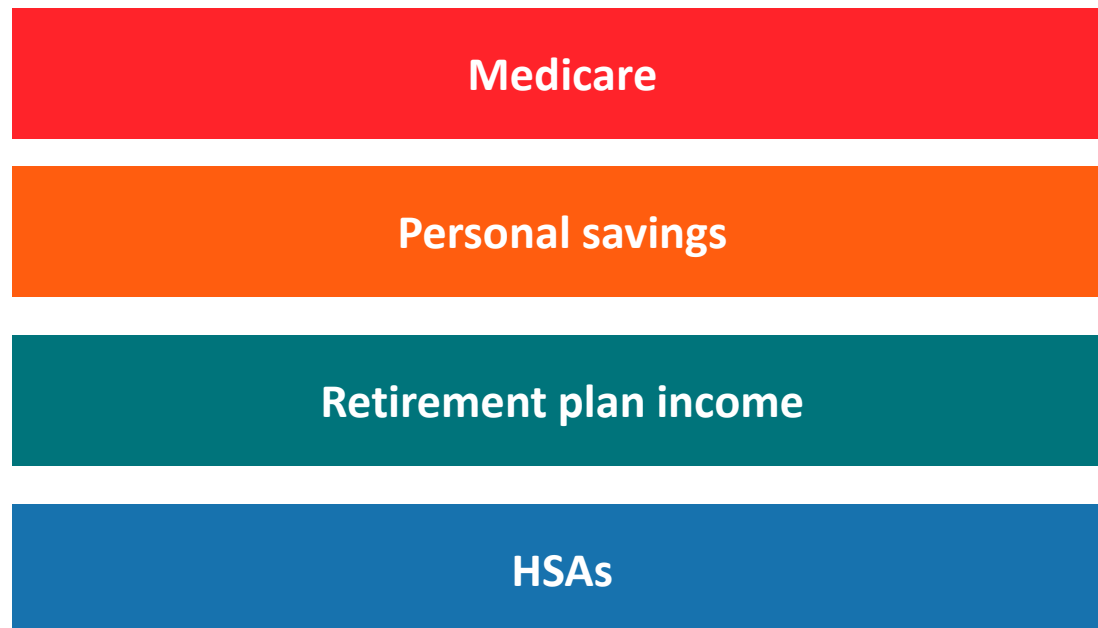
Medicare typically covers only about 2/3 of retirees' medical expenses.²

¹CMS, NHE Fact Sheet, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>, 2022.

²Stephanie Dhue and Sharon Epperson, "Americans can expect to pay a lot more for medical care in retirement," CNBC, <https://www.cnbc.com/2022/05/16/americans-can-expect-to-pay-a-lot-more-for-medical-care-in-retirement.html>, May 16, 2022.

How will you pay for healthcare in retirement?

You'll likely tap multiple sources to pay for healthcare:



What are HSAs?

HSAs are:

- 1** Available to those who are enrolled in a high-deductible health plan (HDHP)
- 2** A tax-advantaged way to pay for healthcare costs, including premiums, in retirement
- 3** A way to cover traditional and non-traditional medical expenses using tax-free dollars
- 4** Used to cover healthcare costs incurred by you, your spouse, and your children



What's so great about HSAs?

They're triple tax-free, offering



**Tax-free
savings**



**Tax-free
withdrawals**



**Tax-free
growth**

- ✓ They can serve as great payment sources for premiums and qualifying medical expenses in retirement.
- ✓ They don't expire, and you can carry over the balance from year to year.
- ✓ They're portable, which means you take your savings with you if you change jobs, switch health insurance plans, or retire.

How do I get an HSA?

STEP ONE

Enroll in an HDHP. HDHPs offer lower premiums in exchange for higher deductibles.

STEP TWO

Enroll in an HSA.



How much can I put aside in an HSA?

The IRS limits how much you can contribute each year.

In 2023:

Individual: \$3,850

Family: \$7,750



If you're 55 or older:
You can contribute up to
\$1,000 more each year.



Source: IRS, Revenue Procedure 2022-24

HSAs for the ages



Under age 55



Pre-retirees



Retirees

If you're under age 55



Under age 55

Tips for making the most of your HSA:

- 1** Start contributing to an HSA early and contribute as much as you can.
- 2** Increase the amount you contribute over time, with a goal of “maxing out.”
- 3** Allow parents, relatives, or friends to contribute.

If you're at least 55



Pre-retirees

Tips for making the most of your HSA:

- 1** Tap your HSA for medical exams, doctor's visits, dental care, medications, and more.
- 2** Max out your HSA; use your other retirement savings for more enjoyable pursuits.
- 3** If you're 55+, make additional "catch-up" contributions.*
- 4** Reimburse yourself for prior covered expenses.

* HSA catch-up contribution annual limit: \$1,000

If you're retired



Retirees

Tips for making the most of your HSA:

- 1** Use your HSA to pay healthcare premiums or to cover hospital bills, long-term care costs, nursing services, and medications.
- 2** Unlike other retirement savings accounts, HSAs don't require withdrawals of funds beginning at a specific age.
- 3** You can use your HSA for nonmedical expenses, but you'll owe taxes on the withdrawals.
- 4** Enrolled in Medicare? You can no longer contribute to an HSA, but you can still tap your balance.

Test your knowledge

- 1** How much can a couple retiring today expect to spend on average on healthcare in retirement?
More than \$300,000.
- 2** What type of health plan is always paired with an HSA?
A high-deductible health plan (HDHP)
- 3** How are HSAs “triple tax-free”?
You save on taxes when you put money in, when you withdraw money, and as your investments grow.



Test your knowledge

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Does the money in my HSA account expire?

No. You can roll over the balance from year to year.

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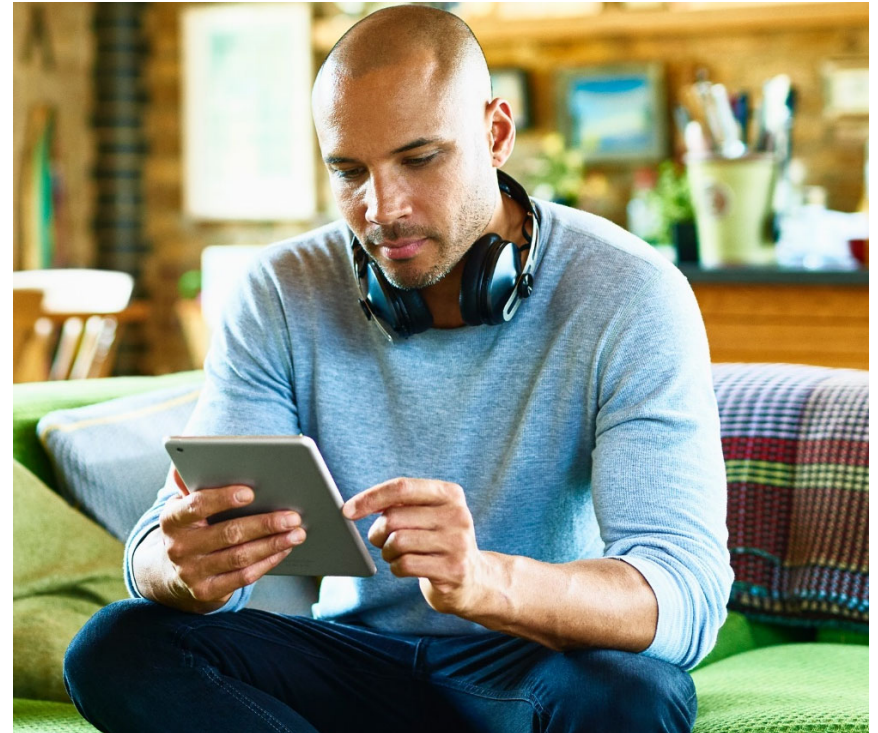
What are catch-up contributions?

They're additional contributions of up to \$1,000 a year that participants who are age 55 or older can make to their HSA accounts.

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Can you use an HSA for non-medical expenses in retirement?

Yes, but you'll have to pay income taxes on the distributions.



For more information

To learn more about HSAs:



Visit **IRS.gov**, or talk to your tax advisor about HSA limits and your taxes.



Speak with your retirement plan representative to learn more about HSAs.

Questions?

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