

# Health Savings Accounts: An Unexpected Investment Opportunity

How an HSA and Its Triple Tax Benefit Can Help You Take Control of Your Health and Financial Wellness Needs



## What is an HSA?

An HSA is a triple tax-advantaged savings plan—typically offered by your employer—to help pay for current and future unforeseen medical expenses.

If you're contributing to a retirement plan, you're not only getting the benefit of putting aside pre-tax dollars but also receiving tax-deferred gains on that money—what could be better than that? Well, what if there was another plan with an investment opportunity you hadn't thought of? Now might be a good time to consider a health savings account.



We asked retirees: If you could prepare for retirement all over again, what would you do differently?

**Their #1 and #2 answers were to save more of their monthly earnings for retirement and to take better care of their health.**

**An HSA does both!**

## Triple Tax Benefits of an HSA

Whether you're taking better care of your health or figuring out another place to invest your money, an HSA provides you with the following tax benefits:



### Tax-Free Contributions

With an HSA, you're able to put aside pre-tax dollars through payroll deductions—every dollar that comes from your paycheck goes directly into your account automatically.



### Tax-Free Growth

Any interest or earnings on your account are tax-free, so you have the potential to earn more money to put toward current or future medical expenses.



### Tax-Free Withdrawal

The money you withdraw from your HSA is tax-free if you use it for qualified medical expenses like doctor visits, medications, and dental and vision care.

# Who Qualifies for an HSA?



Did you know **almost half** of Americans who have employer health plans opt for the high-deductible plan?

To qualify for an HSA, you must be enrolled in a high-deductible health insurance plan, which is a plan that has higher annual deductibles than a typical health insurance plan. In high-deductible plans, your payments from payroll deductions are lower, but you may need to pay out of pocket for doctor visits until you reach a specific dollar threshold. An HSA can help offset those out-of-pocket costs.

To qualify for an HSA, you must also not be eligible for or enrolled in Medicare. You also can't be claimed as a dependent on someone else's health insurance plan, meaning you can't receive healthcare coverage from a family member or relative's plan.



## Common Questions About HSAs

### What is the difference between an HSA and an FSA?

Unlike a flexible spending account (FSA) where your money expires if you don't use it by the end of the year, HSAs are yours for life. There is no use-it-or-lose-it rule, and the money you save can be rolled over year after year.

### Can I make payroll adjustments?

Yes, you can change your contribution amount any time of year and aren't locked into the amount you choose during open enrollment.

### What if I change employers?

With an HSA, you own your account, so you can take it with you from employer to employer.

If you're not able to contribute to the same account, you may be able to roll your current HSA balance into a new account. You also have the option to maintain two HSAs—one you can withdraw from only and the other you can contribute to.

### Can other people contribute to my HSA?

You, your employer or any relatives can contribute to your HSA. However, it's up to you to determine how much you want to contribute to your plan, keeping in mind the annual contribution cap. And if you're age 55 and older, you can also make catch-up contributions.

### Can I use my HSA money for emergency spending?

At age 65, you can withdraw your HSA savings for emergency or general living expenses like housing, food or travel without penalty and are only required to pay income tax on those expenses. However, if you use your HSA balance for anything other than a qualified medical expense before you turn 65, you will have to pay income tax plus a 20% penalty on the amount you withdraw.

# Health Check— Next Steps When Opening an HSA



Choose how much you want to contribute



Decide how to invest your money\*



Contact your company's benefits person for more information on how to open an HSA

\*Your investment options may vary with your HSA provider.

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