

## HSA: Part of your financial plan



If you are like most people, you may think about your health savings account (HSA) solely as a way to pay for current-year qualified medical expenses, such as trips to the doctor or prescriptions. But did you know it can also be used as a savings tool? Your HSA can be used as part of your broader financial planning to create a savings nest egg and potentially save big on taxes.

### Comparing financial accounts

Unlike other accounts, an HSA is one of the only savings vehicles that allows you to put money in tax-free, grow your savings tax-free (interest and investment earnings are not taxed), and take the money out income tax-free for qualified medical expenses.

| Type of account                 | Income tax-free contributions | Income tax-free growth | Income tax-free distributions |
|---------------------------------|-------------------------------|------------------------|-------------------------------|
| 401(k), 503(b), traditional IRA | ●                             | ●                      |                               |
| Roth IRA                        |                               | ●                      | ●                             |
| <b>HSA</b>                      | ●                             | ●                      | ●                             |

### Investing with your HSA

Once your HSA reaches the investment threshold, you may choose to invest a portion of your HSA dollars in mutual funds. Any earnings such as interest or dividends are income tax-free. There is a wide array of mutual funds to choose from at **[optumbank.com](http://optumbank.com)**.

## Contributing the max

The more you contribute to your HSA today, the more you have for retirement in the future. Each year the IRS sets limits on how much you can contribute to your HSA. Know the limits that apply to you and consider contributing the max.

- \$3,450 for individual coverage in 2018; \$3,500 in 2019
- \$6,900 for family coverage in 2018; \$7,000 in 2019
- \$1,000 additional catch-up contribution for age 55

## Planning for retirement: How much will you need?

Knowing how much money you will need in retirement can be confusing. Luckily, Optum has tools to help. You can get a personalized estimate of how much you may need to save for medical expenses in retirement by taking the Health Savings Checkup at [healthsavingscheckup.com](http://healthsavingscheckup.com).

## Using your HSA during retirement

The benefits of an HSA don't stop when you retire. While you are no longer allowed to contribute to your HSA after enrolling in Medicare you can still use your HSA funds income tax-free to pay for qualified medical expenses. You can also use your HSA to pay for Medicare premiums and qualified out-of-pocket expenses including deductibles, copays and coinsurance for:

- Part A (hospital and inpatient care)
- Part B (doctor and outpatient care)
- Part D (prescription drugs)

As an additional benefit, once you turn 65, you can withdraw the money from your HSA for nonqualified expenses without a penalty. You will just be required to pay ordinary income tax on that amount.

Include your HSA as part of your financial planning strategy. Take advantage of both the short- and long-term tax benefits of an HSA.



### Have questions?

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