

HSAs: Part of your financial plan



If you're 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 you can also use it as a savings tool? Your HSA can be 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	Tax advantaged contributions	Income tax-free growth	Income tax-free distributions
401(k), 403(b), traditional IRA	●	●	
Roth IRA		●	●
HSA	●	●	●

Investing with your HSA

Your Optum Financial HSA is also a smart long-term investment vehicle that can play an even greater role in your overall wealth and retirement strategy. Once your HSA reaches the investment threshold, you may choose to invest a portion of your HSA dollars. Optum Financial makes investing easy and more accessible for you by offering two investment opportunities.

Optum Financial Self-directed mutual funds: Choose from a wide variety of more than 30 mutual funds that average a four-star Morningstar rating and represent some of the lowest expense ratios in the industry, including life stage funds.

Betterment digitally managed investments: Betterment helps take the guesswork out of investing your HSA. Based on your HSA investment goals, Betterment will recommend a personalized portfolio of low-cost exchange traded funds (ETFs) and help keep your HSA investment on track through auto-deposits and automated rebalancing.

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.

- \$3,650 for individual coverage in 2022; \$3,850 in 2023
- \$7,300 for family coverage in 2022; \$7,750 in 2023
- \$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 Financial 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.

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.

Investments are not FDIC insured, are not bank issued or guaranteed by Optum Financial or its subsidiaries, including Optum Bank, and are subject to risk including fluctuations in value and the possible loss of the principal amount invested.

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