

# HEALTH SAVINGS ACCOUNTS: RETIREMENT'S MISSING PIECE?



## What is a Health Savings Account (HSA)?

Offered in conjunction with a qualified High Deductible Health Plan, an HSA is a savings vehicle which can be used to fund qualified medical expenses both today and into retirement. The account is owned by the individual, and money deposited into the account can be invested into the market, growing over time, much like an IRA or 401(k).

## What Are the Benefits?

1. No Required Minimum Distributions (RMDs)
2. Funds rollover every year
3. No income limits
4. Triple tax-free



## Healthcare:

# #1

Threat to Retirement Savings\*

## How Is It Taxed?



1. Money is saved pre-tax
2. Investments grow tax-free
3. Withdrawals for qualifying expenses come out tax-free



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## HSA's & Retirement

While qualified medical expenses are always eligible for tax-free distributions, at age 65 you can also withdraw money from your HSA as ordinary income to help fund everyday expenses in retirement.

## Distributions

1. Balances used for qualified health care expenses are tax-free
2. Withdrawals for non-qualified expenses are taxed as ordinary income & incur a 20% penalty if taken before age 65



\*Source: Center for Medicare and Medicaid Studies, National Health Expenditures Projections 2015 - 2022