

Making an HSA part of your financial plan

Your health savings account (HSA) can be used as part of your broader financial planning to create a savings nest egg and potentially save big on taxes



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 it can also be used as a savings tool?

Comparing financial accounts

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

Type of account	Income tax-free contributions	Income tax-free growth	Income tax-free distributions*
401(k), 403(b), traditional IRA	✓	✓	
Roth IRA		✓	✓
HSA	✓	✓	✓

* Limitations and restrictions apply to distributions in each type of accounts, please consult a tax advisor for details.

Investing with your HSA

Your Optum 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 2 investment opportunities.

Self-directed mutual funds: Choose from a wide variety of over 30 mutual funds that average a 4-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.

- \$3,850 for individual coverage in 2023; \$4,150 in 2024
- \$7,750 for family coverage in 2023; \$8,300 in 2024
- \$1,000 additional catch-up contribution for age 55 and older

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.



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