

# Start small, save big over time

Your HSA is a valuable part of your financial plan



You may think your health savings account (HSA) is solely for current-year qualified medical expenses. But did you know you it has more tax benefits than a 401(k) or IRA? That makes it a unique long-term savings vehicle, too.

## Comparing financial accounts

Unlike other accounts, an HSA allows you to put in tax-advantaged money, grow your savings tax-free (interest and potential 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
HSA	✓	✓	✓
401(k), 403(b), traditional IRA	✓	✓	
Roth IRA		✓	✓

## Investing with your HSA

With all its tax advantages, 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 a minimum cash balance<sup>1</sup>, you may choose to invest a portion of your HSA dollars. Whether you want to be hands-on with your investments or put things on autopilot, there's an Optum Financial investment option that's right for you.

**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.

**Digitally managed investments through Betterment:** 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 investments 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. Unused funds are yours to keep and use for life. 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. Here are contribution limits for 2023:

**\$3,850**

for individual coverage

**\$7,750**

for family coverage

**\$1,000**

additional catch-up  
contribution for age 55+

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

An average 45 year old couple retiring in 20 years may spend well over a million dollars on health care costs in retirement<sup>2</sup>. 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](https://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. At age 65 or older, you can typically 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 C

Medicare Advantage HMO and PPO plans

### 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.

With all these advantages, it's clear that an HSA is with you for life.



### See how Hank saves for retirement with his HSA

Hank is 45 years old and has contributed the maximum to his HSA for the last 5 years. See how fast his account balance has grown – and how much he's saved on taxes<sup>3</sup>.

#### Total contributions

**\$36,350**

over the past 5 years

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#### Saved over

**\$10,778**

on taxes in the past 5 years



### Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefits enrollment. Review your enrollment materials so you don't miss your chance to sign up.



When you are ready to begin investing, you can scan the QR code and sign in to get started. Go to [optumbank.com](https://optumbank.com) to learn more.

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**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.**



1. Investment threshold amounts may vary. Check with your employer or sign in to your account for more information.

2. HealthView Services: 2022 Retirement Healthcare Costs Data Report

3. Contributions are based on IRS contribution limits for family coverage from 2019-2023. Tax savings assumes a 22% federal tax rate and 7.65% FICA.

Self-directed mutual fund investment options are made available through the services of an independent investment advisor, or your plan sponsor. Discretionary advisory services are provided by Betterment LLC, an SEC-registered investment adviser, with associated brokerage transactions provided by Betterment Securities, Member FINRA/SIPC. For details and disclosures visit [betterment.com](https://betterment.com). The Schwab Health Savings Brokerage Account is offered through Charles Schwab & Co., Inc., Member FINRA/SIPC. For details and disclosures, visit [schwab.com](https://schwab.com).

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