HSA Basics

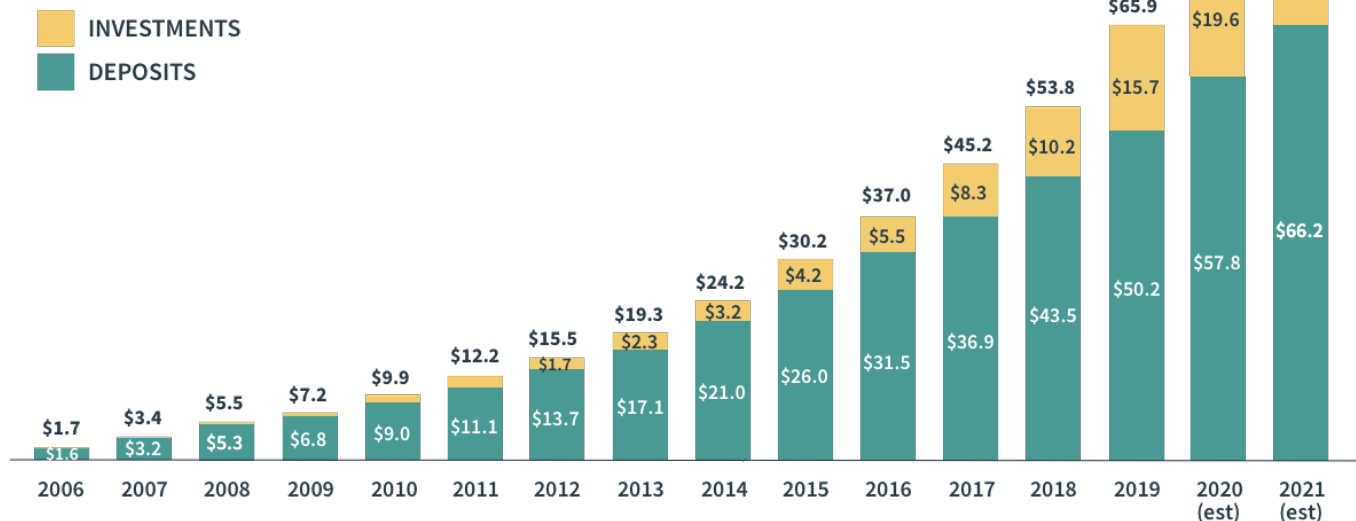## Get Familiar with Health Savings Accounts (HSAs)

Did you know that the average couple retiring today is estimated to spend **$369,000** on healthcare in retirement[1]? With healthcare costs at an all time high and steadily increasing, saving for the costs of today versus tomorrow becomes a delicate balancing act.

Enter the health savings account. With its unparalleled triple tax advantages, an HSA is one of the smartest and most efficient ways to manage known and unknown healthcare costs.

54%
INCREASE IN HEALTH INSURANCE PREMIUM 2009 - 2019[2]

TOTAL HSA ASSETS[3]
(IN BILLINGS, AS OF 12/31/2019)

INVESTMENTS
DEPOSITS

Year	Total	Investments	Deposits
2006	$1.7		$1.6
2007	$3.4		$3.2
2008	$5.5		$5.3
2009	$7.2		$6.8
2010	$9.9		$9.0
2011	$12.2		$11.1
2012	$15.5	$1.7	$13.7
2013	$19.3	$2.3	$17.1
2014	$24.2	$3.2	$21.0
2015	$30.2	$4.2	$26.0
2016	$37.0	$5.5	$31.5
2017	$45.2	$8.3	$36.9
2018	$53.8	$10.2	$43.5
2019	$65.9	$15.7	$50.2
2020 (est)	$77.4	$19.6	$57.8
2021 (est)	$90.3	$24.2	$66.2

HSA Tax Advantages:

- Pre-tax or tax-deductible contributions
- Tax-free interest and investment earnings
- Tax-free distributions when used for qualified expenses

What is an HSA?

An HSA is like a 401(k) for healthcare. It's yours for life, regardless of your employment or health plan. And unlike a flexible spending account (FSA) there's no "use it or lose it" rule.

With more tax advantages than any other savings vehicle, an HSA is one of the most efficient ways to manage healthcare costs. You can choose to put your money to work, or build a healthcare safety net. And after age 65, you can even use it for non-medical expenses just like a regular 401(k).

Maximize Healthcare Savings, Your Way

No matter your healthcare needs or personal finance strategy, an HSA can go a long way in helping you reach your goals. And bring you peace of mind.

SAVE

There are a number of ways to fund an HSA: rollover from an existing HSA, transfer from your bank account, or deduct from your payroll. Some employer also make recurring contributions. Interest earned from your savings are tax-free.

SPEND

You can spend HSA funds as you would funds in your bank account. When purchasing eligible expenses, you can either pay with your HSA debit card, or pay out-of-pocket then reimburse yourself afterwards. Your funds do not expire.

INVEST

HSA funds can be invested tax-free and serve as part of your long-term investment strategy. While there are many factors to consider for this option, it's another way you can make your money work harder for your future.

2020 HSA Guidelines

"Am I eligible for an HSA?" You may be eligible for an HSA if your health plan meets the IRS criteria for a high-deductible health plan (HDHP). In 2020, this means your minimum deductible is $1,400 for individuals or $2,800 for families. And your maximum out-of-pocket is $6,900 for individuals or $13,800 for families.

"How much can I contribute to an HSA?" The IRS sets annual contribution limits for HSAs. In 2020, individuals may contribute up to $3,550, and families may contribute up to $7,100. If you are 55 or older, you may add another $1,000 on top of that. These limits are subject to change year to year.

"What can I spend HSA funds on?" You can use your HSA for a wide range of qualified expenses, such as doctor's visits, prescription drugs, imaging, lab work, medical equipment, contacts lenses, dental work, physical therapy… the list goes on! Refer to IRS Publication 502 for comprehensive guidelines.

Have more questions about HSAs? Check out livelyme.com/hsa-guide.

Prepare for tomorrow by taking action with a health savings account today.

[1] Milliman. "Retiree Health Cost Estimates." July 2019.
[2] Kaiser Family Foundation. "2019 Employer Health Benefits Survey." September 2019.
[3] Devenir. "2019 Year-End Devenir HSA Research report." March 2020.