

# HEALTH SAVINGS ACCOUNT REVIEW

2022

PAYFLEX®





## Health Savings Account Basics



withdrawals for qualified medical expenses are **always tax-free**, regardless of your age



Must be enrolled in an **HSA-qualified** health plan to open & contribute



**After age 65 you can use withdrawals for any expense**, though they will be taxed at your normal rate



You own your HSA account, and **take it with you** when you change jobs or retire

## Annual Contribution Limits\*

2022

Self: **\$3,650**

Family: **\$7,300**

55+ Add: **\$1,000**

2023

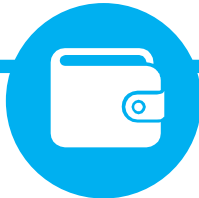
Self: **\$3,850**

Family: **\$7,750**

55+ Add: **\$1,000**



# Savings strategies for your HSA



**Treat your HSA like an investment account;** don't spend the funds unless needed for medical expenses



Max out your investment by making **the full annual contribution each year**  
*Member & spouse aged 55+ can save extra \$2,000*



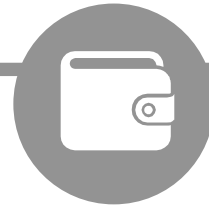
Take full advantage of any **employer HSA contributions**



Invest your savings wisely, using sound **diversification and risk strategies**



## More strategies for your HSA



**Big bill? Think smart and Save on taxes;** contribute and pay large medical bills using the HSA



**Tax-independent adult child on family health plan open their own HSA w/ family max contribution level**



**Balance contributions to 401k to the match and then HSA**  
Saves you more!



**Leverage 'auto-invest' feature to methodically build a larger balance over time**

# Weigh the benefits of your HSA vs. IRA/401K

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**Once you begin withdrawing funds from a 401k or IRA**, you pay income tax regardless of how the funds are spent

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401(k)s and IRAs require you to start your account withdrawals at a certain age. **HSA's do not – you're in control of when you take distributions**

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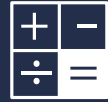


**Which means your HSA account can continue to grow** (earning interest and/or investment income) as long as you want



# PLANNING FOR RETIREMENT

## Tax advantages of a Health Savings Account (HSA)



All contributions to  
your HSA account **are  
tax deductible\***



All funds in your account  
**grow federal tax-free**  
including interest,  
dividends or capital gains



withdrawals to pay for  
qualified medical  
expenses are **tax-free\***



HSA funds **can be  
invested** similar to a  
401k plan or IRA

\* Per IRS regulations found in IRS Publication 969.

# HOW MUCH COULD I END UP WITH?

**With maximum annual contributions and some medical expense withdrawals, you can build a sizable nest egg to round out your retirement plan.**

## **ASSUMING:**

- Start your HSA investment account **at age 26**
- **Make the maximum family coverage** contribution every year until age 65, including catch-up contributions
- **Earn an average annual return of 7% net of fees** by investing in an index mutual fund that tracks the U.S. stock market
- **Withdraw \$1,200 each year** for medical expenses



By retirement at age 65, your HSA would be worth more than

**\$1.1 MILLION!**

Note: Results obtained via PayFlex HSA Calculator tool. Inputs entered as described above with result being \$1,152,084.

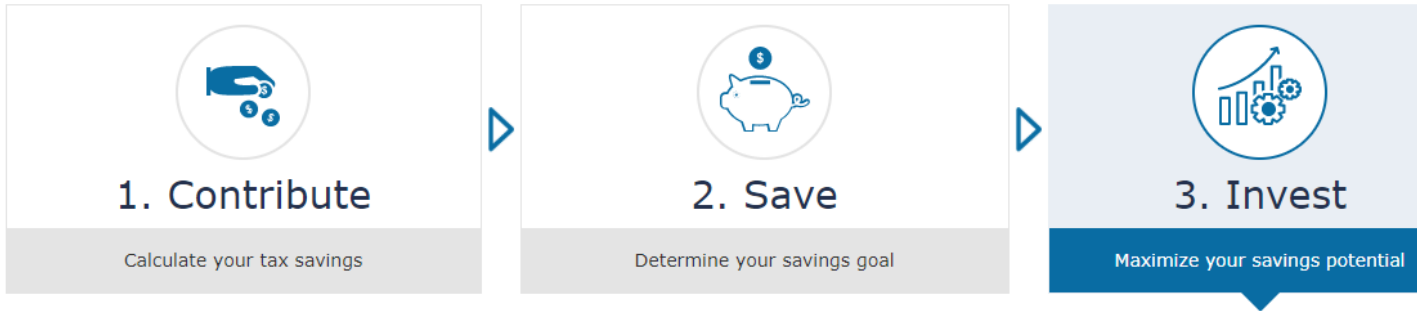


# CUSTOMIZE TO YOUR FAMILY

**With the PayFlex HSA Calculator tool, you can enter your own contribution and medical spending trends and calculate a custom retirement nest egg projection!**

## HSA Calculator

Complete each step below to find out how much you could save with an HSA. The calculations are only an estimate and for illustrative purposes. It does not contain legal, tax or investment advice.



Maximize your savings potential

\* Indicates required fields

**1. Contribute**

High deductible health plan coverage\*  
Family

What's your current age?\*  
26

Annual HSA contribution\*  
\$ 7,000.00

Household income\*

Estimated tax savings at retirement \$ 73,710	Estimated health care savings at retirement \$ 226,200	Estimated health care savings at retirement with investing \$ 1,152,084
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**YOU DID IT!**  
You're seeing the POWER of an HSA. It's a great way to help save for retirement. But when you invest, it can take your savings to the next level!

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[< Go back](#)

### STEPS:

- **At the Contribute screen**, enter your age, family status, state income tax rate, estimated annual contribution & estimated medical spending.
- **At the Invest screen**, enter the percentage of your available balance you wish to invest each year and approximate rate of return based on your personal investing choice
- **Observe the potential** for building health care savings at retirement with tax-free purchasing power!



Your projection will be custom to you!

# Investing with confidence

Benefit from an external investment adviser constructing our four-star rated fund menu.



## “Do it for you” investors

**10** “One-stop”, Target Date Funds



## “Do it yourself” investors

**8** distinct, **passively** managed Funds



**12** distinct, **actively** managed Funds



# How Members Invest

