

THE IMPORTANCE OF HEALTH SAVINGS ACCOUNTS



HSA accounts are a savings and investment go-to account for healthcare consumers who are enrolled in a high deductible health insurance plan (HDHP).



1 in 4 Americans are now contributing to their HSAs due to COVID-19.

\$66B

As of Dec. 31, 2019, HSAs held \$66B across 28M accounts.

<https://www.discoverybenefits.com/blog/posts/2020/11/09/7-moments-from-hsa-day>

<https://www.discoverybenefits.com/blog/posts/2020/03/04/5-stunning-stats-from-the-new-devenir-hsa-report>

USE FOR SPENDING OR SAVINGS?



USE FOR MEDICAL EXPENSES NOW

Set aside money on a tax-favored basis for current or future medical expenses. Even if you are young and in good health, it's smart to invest in an HSA for future medical expenses as you age. The bonus of using an HSA for qualified medical expenses is it qualifies for a Triple Tax Benefit of tax-deductible contributions, tax-free growth, and tax-free withdrawals for qualified medical expenses!



SAVE FOR RETIREMENT INCOME LATER

Many people who have an HSA don't invest the money in their account or even know that it's possible. Few people know that an HSA can also function as a retirement account after age 65. After the age of 65, you will be able to take penalty-free withdrawals for any purpose and pay ordinary income tax on the amount. Using an HSA as a retirement account works similar to an IRA account, but a major bonus of the HSA is that there are no Required Minimum Distributions after the age of 72!

INCREASING BALANCES

+10%

In 2019, the average HSA investment account had a combined investment and deposit assets of just over \$16,000, which is nearly a 10 percent increase from 2018.

BENEFITS OF THE HSA



Reduce your current taxable income.



Take distributions tax-free for eligible medical expenses.



Invest your contributions. Your account balance grows tax-free.



No Required Minimum Distributions(RMDs) from your HSA after 72.



Not just for employer-offered healthcare benefits, self-employed can own HSAs, too.



After age 65, funds can be used for non-medical related expenses (without incurring a 20% penalty!).