

Accumulating Wealth Through Health Savings Accounts

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Where today's experts help you secure retirement.

What is a Health Savings Account (HSA)?

- It is a tax-advantaged savings and investment account used for medical expenses
- Available with a qualifying high-deductible health insurance plan
- For 2019:
 - Deductible of \$2,700 for family plans and \$1,350 for individuals
 - Maximum annual out of pocket for family plans of \$13,500 and \$6,750 for individuals
- Best to ask your employee benefits department or call insurance company if the plan qualifies as an HSA plan
- Transfers upon death to spouse or non-spouse
- If you or spouse has a flexible spending account (FSA) then might not be eligible for HSA unless it's a limited purpose FSA

Tax Advantages of HSAs

- Contributions are made pre-federal tax, pre-state tax (in most states), and pre-FICA tax
- 2019 contribution limits; no income limit
 - \$7,000 family
 - \$3,500 individual
 - \$1,000 catch up age 55+ per spouse
- Earnings grow tax-free
- Qualified medical expenditure withdrawals are tax-free
- Withdrawals are taxable if for non-medical purposes plus 20% penalty if under age 65 for non-medical withdrawal

Qualified Medical Expenditures

- *Vision care
- *Dental work
- *Prescription drug co-pays
- Hearing aids
- Home modifications for medical purposes
- Medical premiums (A, B, C, D)
- Long-Term care insurance premiums (limits)

Can make withdrawals for prior healthcare expenses paid out of pocket, even if from many years ago.

**The three largest out-of-pocket expenditures for retirees*



Peter Stahl, CFP® has 28 years of experience in the financial services industry where he has built a recognized track record of integrity and success. Since 2012, Peter has focused his efforts on educating financial advisors and consumers on health care challenges during retirement, equipping them to find solutions. An author and sought-after speaker, Peter makes navigating through a complex and ever-changing health care landscape comprehensible to all.

For more information about this and other Retirement Smart courses, visit www.retirement-resource-center.com or "Retirement Smart" on Facebook.

Action Plan

1. Check with your employee benefits department to see if employer offers a health savings account.
2. If employer doesn't offer an HSA, ask insurance company if the plan is HSA eligible.
3. Fully fund your HSA and invest it for retirement.
4. Try to work longer and postpone Social Security and Medicare (confirm you qualify to delay Medicare if still working) to build more tax-free retirement income savings.
5. Use an emergency fund to pay current medical expenses.
6. Resources:
 - Compare HSA providers at hsasearch.com
 - Medicare.gov
 - Shiptacenter.org for state health insurance assistance program consulting and counseling on Medicare, Medicaid
 - Yourwealthwatch.com and bedrockresults.com



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