

Planning for retirement with an HSA



Health care expenses are one of the top financial worries in retirement — especially for people with health conditions. As you're planning for the future, think about how your Optum Financial health savings account (HSA) can help ease your mind and prepare you for retirement by saving money tax-free.

Wondering how much you might need to save?

Good question. Here are the current health savings recommendations for retirement:¹

Looking for a personalized estimate? Take the Optum Financial Health Savings Checkup at healthsavingscheckup.com. Answer a few questions about your health, your HSA activity and retirement goals, and you will receive a personalized snapshot of your potential health care expenses in retirement. You'll also get ideas to help you stay healthy, spend less and save more.

Investing with an HSA

Investing HSA dollars has many potential tax benefits and can be an additional way to save for long-term health care needs and financial goals. Once your HSA reaches the investment threshold, you may choose to invest a portion of your HSA dollars. Optum Financial makes investing easy and more accessible for you by offering two investment opportunities.

Optum Financial self-directed mutual funds: You can choose from a wide variety of up to 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.

\$1.72M

for a
45 year old couple
RETIRING 20 YEARS
FROM NOW

\$1.04M

for a
55 year old couple
RETIRING IN
10 YEARS

\$662K

for a
65 year old couple
RETIRING TODAY

Betterment digitally managed investments: 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 investment on track through auto-deposits and automated rebalancing.

Catch-up contributions

Once you turn 55, you can contribute an additional \$1,000 each year to your HSA, called a catch-up contribution. If you and your spouse are both over the age of 55, you can each contribute an additional \$1,000. Your spouse will just need to open their own HSA for their additional portion.

HSAs and Medicare

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. You can also 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 D (prescription drugs)

Keep in mind that standard Medicare does not cover hearing aids or vision, dental or nursing home care.

Withdrawing funds during retirement

You can use the money in your HSA to pay for qualified medical expenses at any time. Once you turn 65, however, 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.

Hank saves for retirement with his HSA.

Hank is 60 and preparing for retirement. For the past five years, he has been contributing the maximum amount allowed by the IRS. See how fast his account balance has grown — and how much he's saved on taxes.²



TOTAL CONTRIBUTIONS

\$39,950

over the past 5 years



saved over

\$14,641

on taxes in the past 5 years

Investments are not FDIC insured, are not guaranteed by Optum Financial or its subsidiaries, and may lose value.

1. HealthView Services: 2021 Retirement Health Care Costs Data Report

2. Contributions are based on IRS contribution limits for family coverage from 2017-2021 and include catch-up contributions. Tax savings assumes a 24% federal tax rate, 5% state tax rate and 7.65% FICA.

Health savings accounts (HSAs) are offered through Optum Bank®, Member FDIC, or ConnectYourCare, LLC, each a subsidiary of Optum Financial. HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal, investment, or tax advice. Federal and state laws and regulations are subject to change.

Please consult your financial planner for more information on investments. Optum Financial and its subsidiaries are not broker-dealers or registered investment advisors, and do not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit such transactions. The HSA investment program is an optional, "self-directed" product, i.e., the decision to invest a portion of your HSA cash balance into HSA Investment Account, if at all, and which HSA Investments to choose are solely within your discretion and at your direction. Before you make any investment, you should carefully review the mutual fund's prospectus and consider its objectives, associated risks and any fees or expenses that may apply. Investing entails the risk of loss of principal.

Advisory services provided by Betterment LLC, an SEC-registered investment adviser.

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