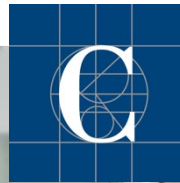


# HOW HSAs CAN HELP PARTICIPANTS TACKLE RETIREMENT HEALTHCARE COSTS

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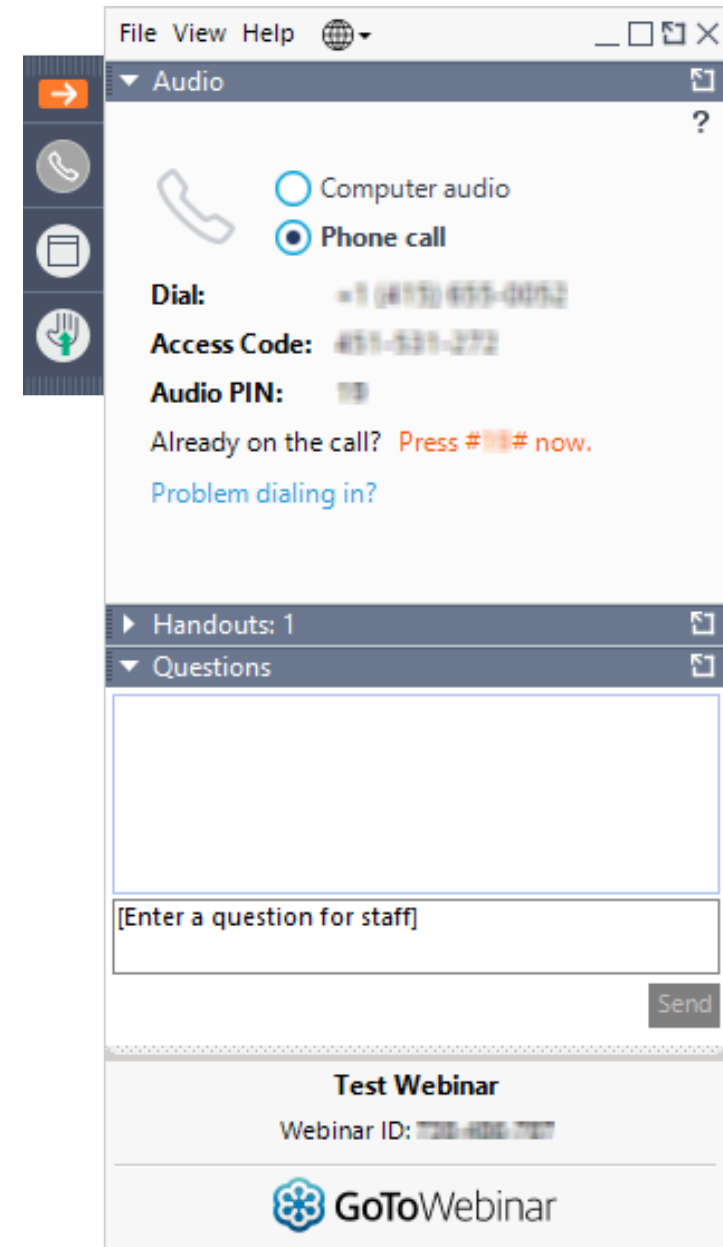
October 13, 2022

Lindsay Barnard, Wes Collins, and Jennifer Doss



# Information about Today's Session

- Select “Computer audio” to join via VOIP  
OR  
Select “Phone call” to dial in
- All attendee’s lines are muted
- Questions can be asked by typing them into the questions pane on the control panel, and there will be time at the end of the session to answer questions
- Submitted questions will not be visible to other audience members
- Today’s session is being recorded. All registrants will receive a link to the recording following the event.



# Today's Speakers

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# Poll Question



**CAPTRUST**

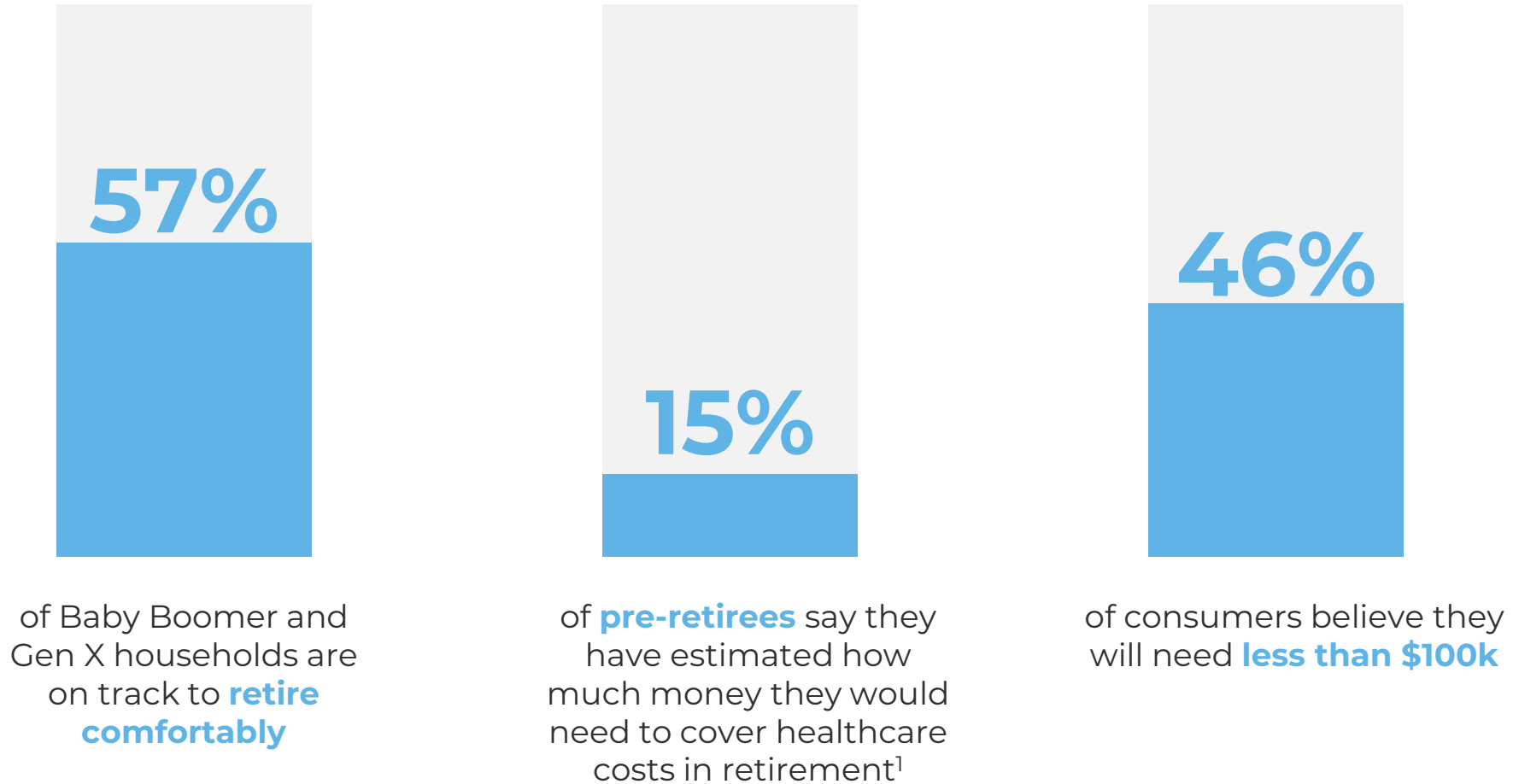
# Healthcare Costs Are One of Consumers' Largest Expenses in Retirement



<sup>1</sup>Charles Schwab

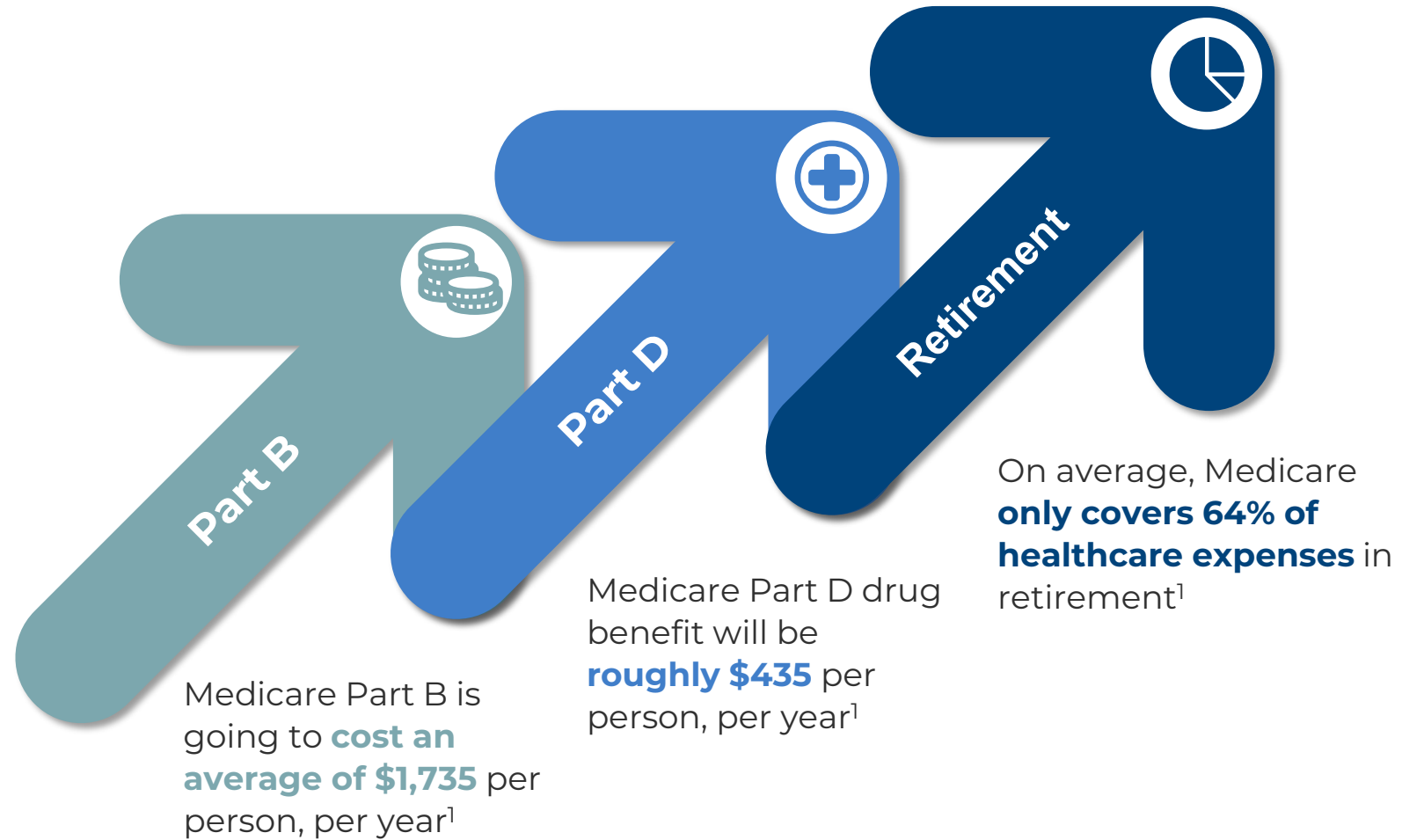
<sup>2</sup>Employee Benefit Research Institute

# Many Consumers Underestimate Healthcare Costs in Retirement



<sup>1</sup>Algeus consumer survey

# Medicare Costs Are Increasing



<sup>1</sup> Employee Benefit Research Institute

# HSAs Are One of the Most Efficient Savings Vehicles for Retirement

There are many possible retirement savings vehicles, each with distinct features and benefits, but **Health Savings Accounts (HSAs) offer the greatest tax benefits.**

	Tax-Free Contributions	Tax-Free Earnings	Tax-Free Distributions
HSA	✓	✓	✓
401(k)	✓	✓	
403(b)	✓	✓	
Traditional IRA	✓	✓	
Roth IRA		✓	✓



# HSA Quick Facts

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- Must be enrolled in a qualifying high-deductible health plan (HDHP) to be eligible
  - \$1,500 minimum deductible for single coverage
  - \$3,000 minimum deductible for family coverage
- 2023 annual contribution limits (employee and employer)
  - \$3,850 for single
  - \$7,750 for family
- Individuals over 55 can make an additional \$1,000 catch-up contribution



Triple tax advantage



Funds can be used at any time without penalty or tax for qualified healthcare expenses



Funds roll over from year to year



Funds can be invested



Funds can be used for non-medical expenses without penalty after age 65 (funds taxed like an IRA)

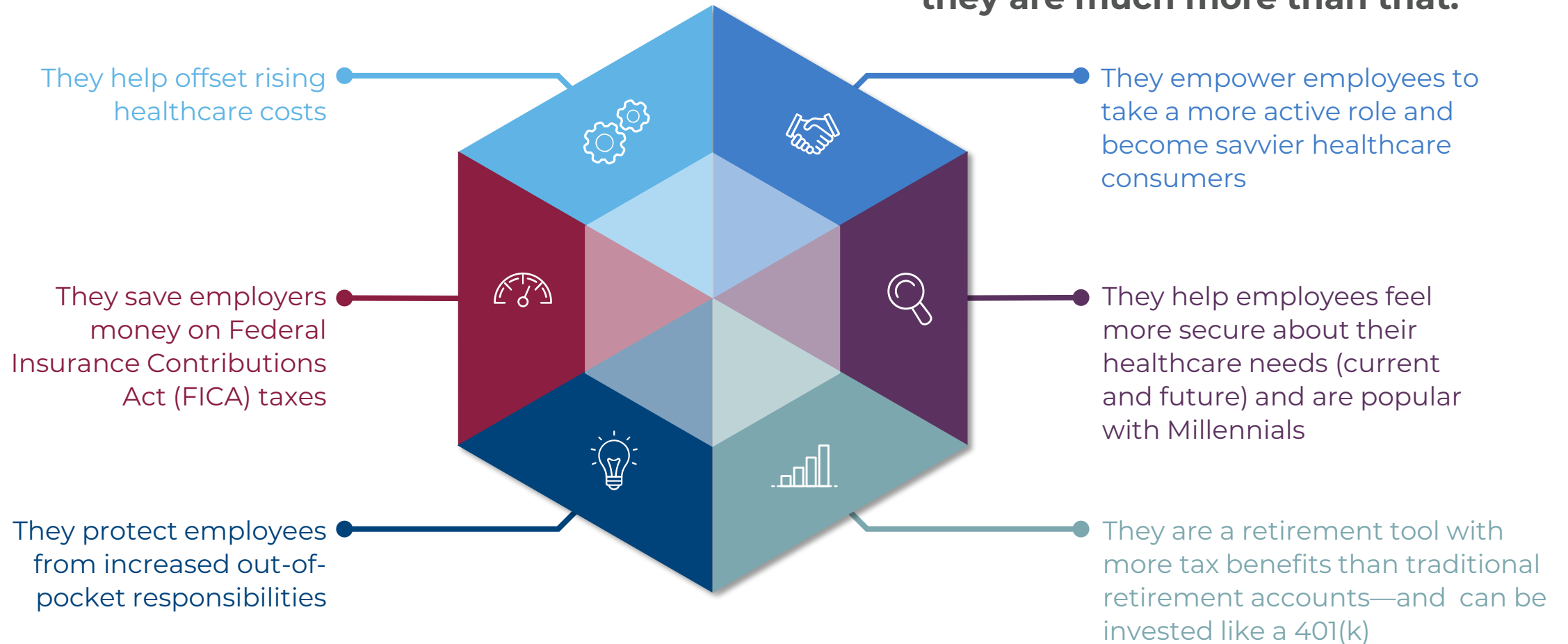
# Differences Between FSAs and HSAs

	Flexible Spending Account (FSA)	Health Savings Account (HSA)
Availability	Any medical plan	Only with HDHP
Tax-free contributions	Yes	Yes
Employer contributions allowed	Yes	Yes
Funds available on first day of plan year	Yes	No *Some providers may offer advance HSA funding options
Unused funds can carry over	Yes, up to \$550	Yes
Funds belong to employee if they leave or retire	No	Yes
Funds can be invested for growth (like a 401(k))	No	Yes
Employees can change their election at any time during the plan year	No	Yes

# How Employers Are Thinking About HSAs

**HSAs can help contain costs.....**

**but employers are realizing they are much more than that.**



# Employer Funding Improves the Employee Healthcare Experience

## Average HSA Adoption Rate

Without employer contributions

20%

With employer contributions

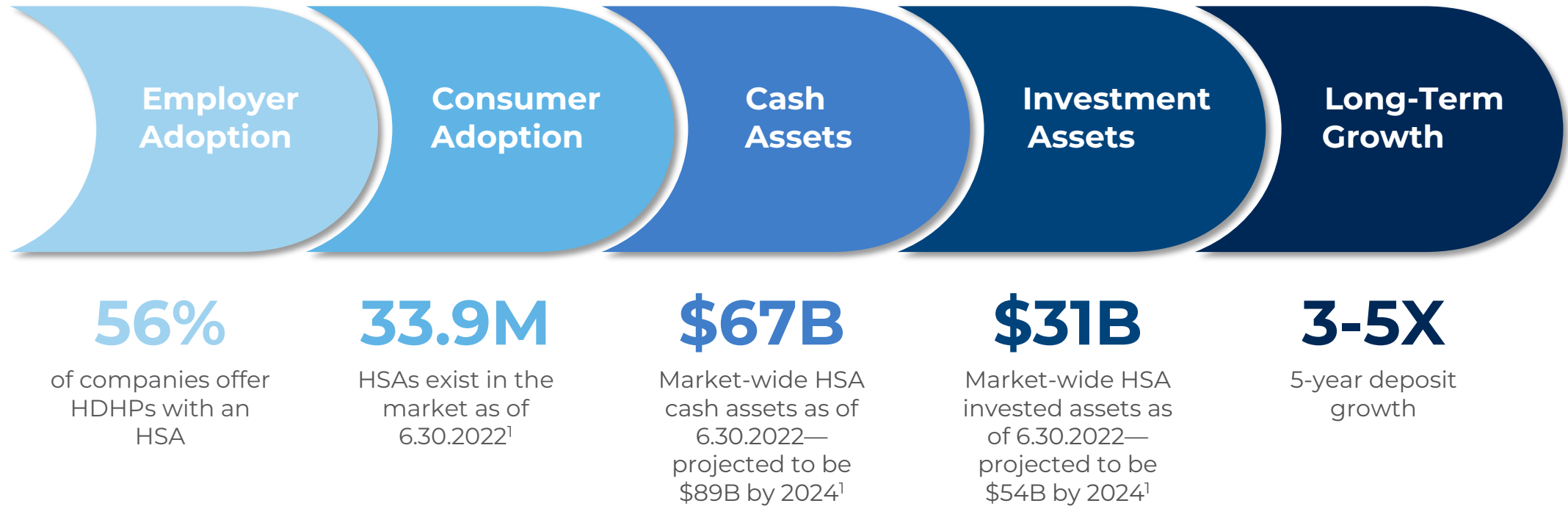
34%

With employer contributions, the average HSA balance goes up **\$2,132**.

Employers that make contributions:

- Encourage greater adoption of HSA-qualified plans
- Deliver better value for their employees' healthcare dollars
- Have satisfied and engaged employees

# HSAs Continue to Grow in the Market

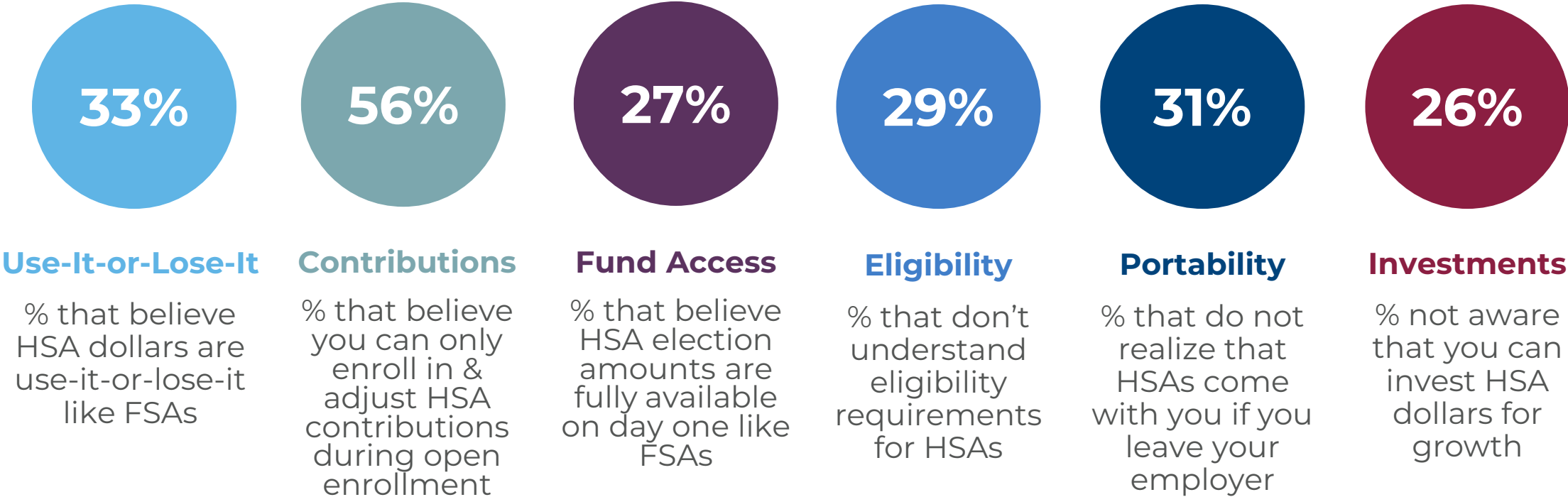


<sup>1</sup> Devenir 2022 mid-year HSA Research Report

# Common HSA Misconceptions

8 out of 10 consumers do not understand the full value of an HSA

## Key Points of Consumer Confusion:









Alegeus consumer research

# Strategies to Increase Consumer HSA Fluency, Adoption, and Long-Term Savings

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- Plan design matters in driving HSA adoption and encouraging saving
  - Consult with your benefits provider on best practices to set your HSA up for success
  - Structure your plan so it makes financial sense for employees and mitigates their risk
  - Employer contributions and/or matching goes a long way in helping to ease employee fears
  - Consider additional perks or incentives (e.g., seeded Limited Purpose FSA)
- Focus on education and communication
  - Consumer fluency is low and education remains a barrier to the growth of HSAs
  - Use diverse types of media to help educate consumers and guide them to the right actions and outcomes
  - Be intentional about timing—open enrollment is an important time, but shouldn't be the only time
  - Meet consumers where they are—spenders, savers, and investors have unique needs
  - Keep content short, digestible, and jargon-free

# Future of HSAs

GROWTH	EMPLOYER STRATEGIES	DISTRIBUTIONS	BALANCES	INVESTORS	LEGISLATIVE CHANGES
					
HSAs continue to grow	Employers are embracing more creative plan designs	Consumers are becoming more thoughtful about saving	Asset balances are increasing	More HSA participants are investing their HSAs	Tremendous changes are unlikely





## QUESTIONS?

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