

A Solution: Achieving Retirement Goals and Lower Benefits Cost

The New Era of Tax Efficient Retirement Savings



Lower Your Benefits Cost and Improve Participant

Health Savings Accounts (HSAs) have been around for over a decade, and have a reputation for covering every day trips to the doctor and prescriptions at the pharmacy. What many people don't consider, are the benefits of using their HSA to save for retirement. The combined use of an HSA and 401K can not only help employees reach their retirement goals more efficiently, it can lead to more conscious consumption of health care and lower employee benefit costs for employers. Market trends have indicated a strong shift to HSA eligible health plans to better manage costs.

How does it work?

HSAs have a triple-tax advantage, if used correctly. That means the money is put in pre-tax, interest and earnings grow tax-free, and distributions are tax-free for qualifying medical purposes. Employees who build a strong Health Savings Account can use this extremely flexible account for health expenses now or save some for retirement down the road. This gives them the power to manage their personal financial situation to best meet their needs all while paying less taxes.

How does this help your company?

Companies that have engaged employees who understand their benefits and are conscious about their health care expenditures will have a better opportunity to manage their costs in the long term. High Deductible Health Plans generally come with a lower premium, employees generally spend their health care dollars more appropriately when it affects their own budget, and getting employees to retirement more effectively can alleviate stress and drive engagement amongst employees.

WHAT IS AN HSA?

HSAs are tax-sheltered savings accounts available to those enrolled in a high-deductible health plan (HDHP). An HSA provides tax benefits to users to defray the high cost of health expenses and save for the future.

TRIPLE-TAX FREE

Contributions are pre-tax

Earnings grow tax-free

Withdrawals used for qualified medical expenses are tax-free

Contributions are also deductible and free from Social Security payroll taxes in most cases.

IS THIS RIGHT FOR YOU?

There are caveats to using an HSA for retirement, but qualified companies who specialize in both health insurance benefits and retirement plans can find the right balance for your company.