Health supplements: The 401(k) companion everyone should be talking about.

Using Health Savings Accounts as a key retirement tool.

WageWorks everyone benefits®

Do your employees have $350,000 saved for healthcare? Do you?

According to an Employee Benefit Research Institute study, that's what out-of-pocket healthcare is going to cost the average couple in retirement—and that's if they retire today.

How much of that is going to come out of their 401(k) accounts? What is that going to do to their overall retirement? And most importantly, when they look to you, what kind of options can you give them?

Health Savings Accounts (HSAs) are a simple way to save and pay for qualifying healthcare expenses during employment.

They're also a way to avoid taxes entirely while saving for future healthcare costs and protecting 401(k) investments.

If you didn't realize HSAs are an effective investment complement to your 401(k) program, that's okay. Most people don't. And we'll show you how you to use them to help employees cover doctor bills today and tomorrow.

HSA Quick Facts

- Available to employees enrolled in high-deductible health insurance plans
- Built for saving—encouraging consumers to save pretax income for future healthcare expenses
- Built for spending—encouraging consumers to spend wisely because it's their own money

Everyone's talking about retirement income.

That's why you have to talk about retirement expenses.

401(k) investments are designed to offer tax-free savings now for taxable income later. They're a crucial part of nearly everyone's retirement plan, but what we don't talk about enough are the expenses those investments will need to cover.

And when it comes to healthcare in your employees' retirement years, Medicare won't fill the bill. This makes HSAs a crucial component of their investment plans.

A triple tax benefit.

With Health Savings Accounts, there's no income tax on investments. And that's the best deal anyone's ever going to get.

1. Contributions to an HSA are made with pretax dollars (in most states).
2. Assets grow tax-free.
3. Distributions are also tax-free when used to pay for qualified medical expenses

Full flexibility.

HSAs fit, no matter how much life changes. There's no use-it-or-lose-it rule, for example, so savings can be carried over from one year to the next. They can be carried from one *job* to the next, as well—and when employment changes come without an HSA plan, workers can still access their current HSA savings.

More options than ever.

When HSAs were established in 2003, there weren't many plans or investment options to choose from. Today, more providers mean more flexible ways to meet savings and retirement goals.

Working together:
Saving more and paying less by supplementing 401(k) plans with an HSA.

It's all about pretax savings, and here's how it works.

401(k)
$19K

The most a person can invest in a **401(k)**—and reduce their taxable income—is **$19,000 a year.***

** 2019 Figures*

HSA
+$7K

With an **HSA,** a family with high-deductible health plan coverage can save an **additional $7,000 a year** and cut that much more from their taxes.

-$26K *taxes*
+$26K *investments*

That's **$26,000** a year that they don't have to pay taxes on—**$26,000** more in investments.

HSA
$

When they need to **pay for qualified medical expenses** in retirement, they can **use HSA monies—again, tax-free**—without drawing down their 401(k) funds or paying tax on those withdrawals.

And. Not or.

Even the healthiest retirees will have medical expenses to manage. Teach your employees to use an HSA, and they can keep the rest of their retirement savings for the things they've always wanted.

They need both investments, in other words, to be covered.

If your employer 401(k) match is low and the combined tax savings on HSA contributions is high, your employees may see greater returns by making HSA contributions first.

However, HSA contribution limits are significantly lower than those in a 401(k), so if they're investing only in an HSA, they're drastically limiting their savings.

Plus, if they withdraw HSA funds for anything other than qualified medical expenses, they'll pay taxes and (if they're under 65) a massive, 20% penalty.

Simply put: A Health Savings Account is an important complement to a 401(k). It's not a replacement.

WageWorks: Managing the physical and financial health of your employees and your business.

Saving for current (and retirement) healthcare expenses is critical. WageWorks makes it simple by giving employees easy ways to save and pay for medical bills—and by offering your company an easy-to-administer program that drives engagement and reduces costs.

It's how to support the total health of your organization and all the people who work there.

Talk to WageWorks, then encourage your employees to talk to HR or your investment manager about how healthcare fits into their retirement portfolio. They'll need to project health expenses in retirement and see how an HSA can help while preserving their 401(k).

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