

A Tale of Two Employees



Communicating the Value of Health Savings Account (HSA) Growth

Meet Joe...



- 25 years old; full-time employee
- 3 years removed from graduating college
- #1 priority: tackling significant student loan debt
- Student loans stand in way of desire to own first home
- Focused on obtaining quality health care at an affordable price
- Would like to feel more financially comfortable before starting a family

Meet Jill...



- 25 years old; full-time employee
- Committed to disciplined savings strategy
- Maximizing 401(k)
- 5-year plan: get married and start a family; ambitious career goals
- Concerned family health care costs could derail savings goals
- Financial outlook: tuck away as much money as possible
- Wants to build nest egg for future, to afford care in retirement, and fulfill her love for travel with family



While assessing their health care options for open enrollment, Joe and Jill tapped into their employer's educational resources and uncovered that the **Health Savings Account (HSA)** can accumulate interest and earn investment returns. Tax-advantaged funds can further be used to pay for qualified medical expenses today or saved for future expenses.

HSA Savings Strategies

Conservative Growth Strategy

Aggressive Growth Strategy



Joe contributes **\$3,000 a year** to his HSA each year **until retirement**, starting at **age 25**.

Jill contributes **the max amount** to her HSA each year **until retirement**, starting at **age 25**.

Joe allocates **\$1,500 a year** for **medical expenses**.

Along the way, Jill **gets married and has children**, boosting her HSA contributions up to the **family limits**.

Joe becomes comfortable with investing his HSA dollars over time. He earns **8-10% annual interest and investments**, while **reinvesting all earnings**.

Jill makes **little to no withdraws** from her HSA account for **medical expenses**, instead opting to use out-of-pocket funds and holding on to receipts for any future HSA reimbursements.

Jill immediately starts investing her HSA dollars upon eligibility. She earns **8%-10% annual interest and investments**, while **reinvesting all earnings**. She further leverages the **\$1,000 HSA catch-up contribution limit** at age 55.

Estimated HSA Retirement Savings at Age 65



Joe

Jill

\$246,000

\$870,000



While their end balances are quite different, both Jill and Joe have a nice HSA nest egg for retirement...

...Now retired, they can use HSA funds for **non-health expenses**, subject to normal income taxes, which helps their retirement funds go even further!

