

How Your HSA is Better than your Retirement Plan

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Who can save
in an HSA?

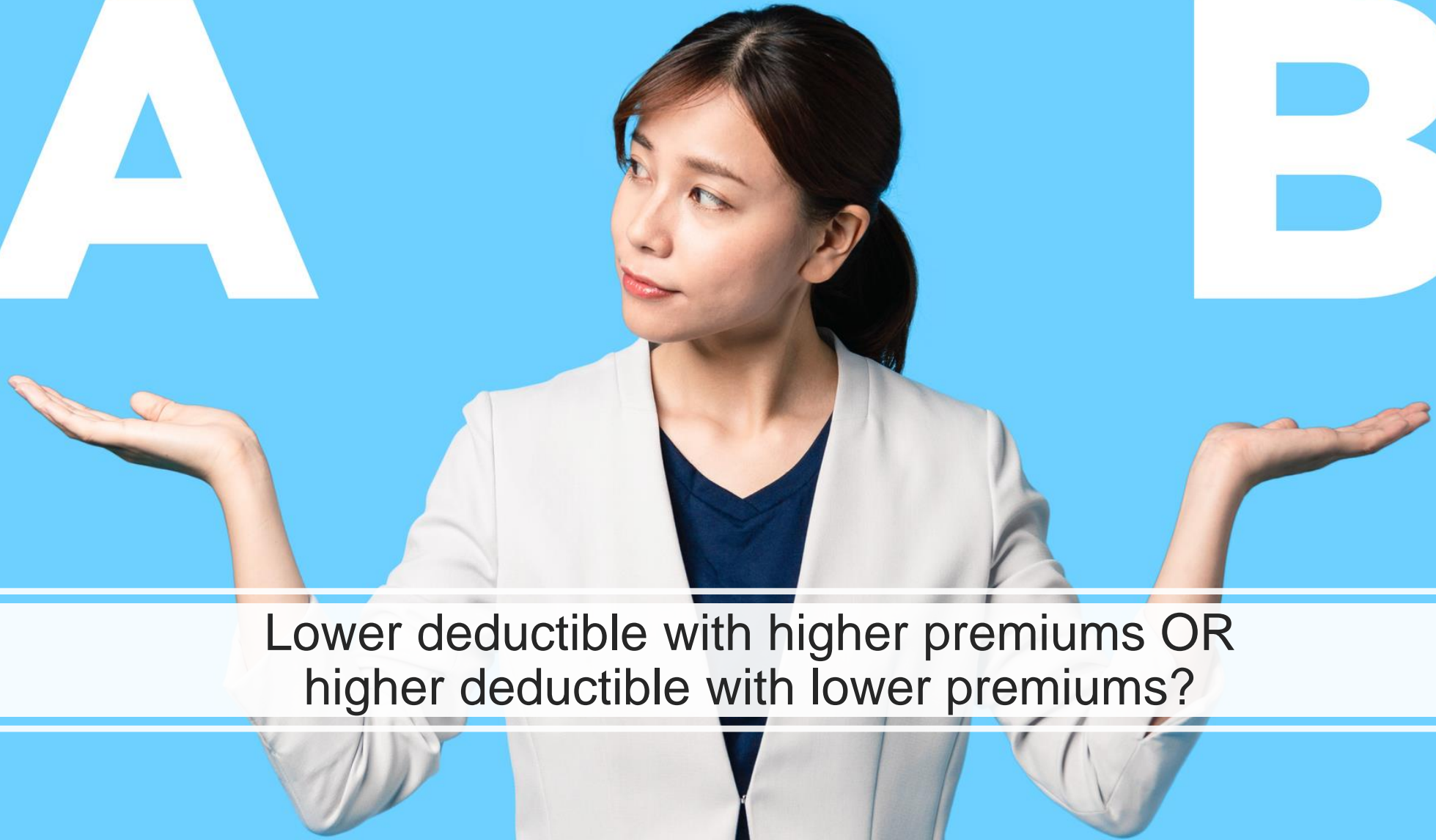
**HIGH-DEDUCTIBLE
HEALTH INSURANCE
PLAN**

Who can save in an HSA?

- Must be covered by a High Deductible Health Plan (HDHP)
- High Deductible Health Plan =
 - \$1,600 annual deductible for individual coverage (2024)
 - \$3,200 annual deductible for family coverage (2024)
- Your employer may give you a choice
- Typically, premiums are lower, but.....

A

B



Lower deductible with higher premiums OR
higher deductible with lower premiums?

Stanford contributes

- Employee only -
 - \$1,153 annually
 - \$48 per pay period
- Employee + Dependents -
 - \$2,352 annually
 - \$98 per pay period
- Contributions will go directly into Fidelity HSA Account





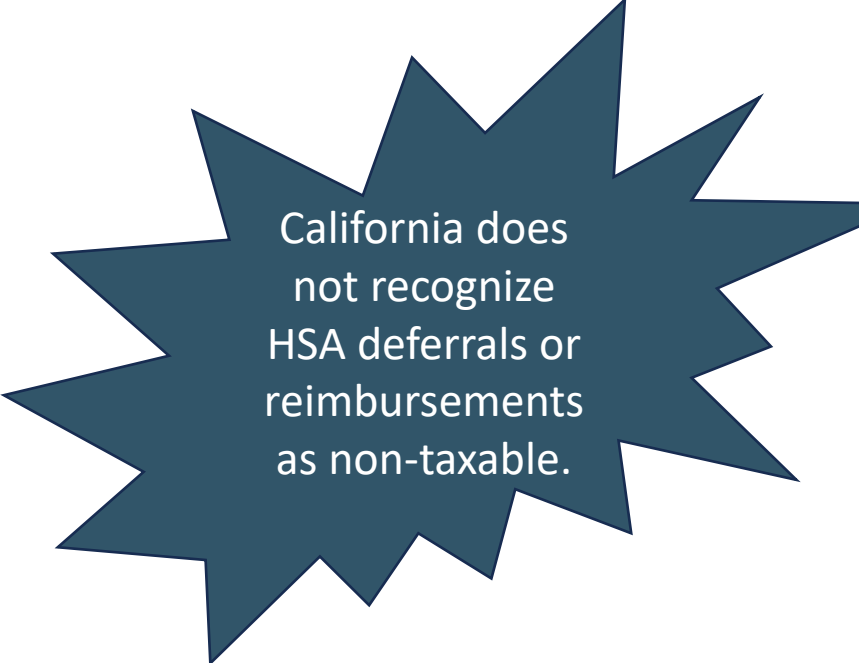
How many use their HSA

\$295,000!

The estimated after-tax amount that a retiree couple will spend on healthcare according to a Fidelity study.

Health Savings Accounts (HSA): The Triple Crown of Tax Breaks

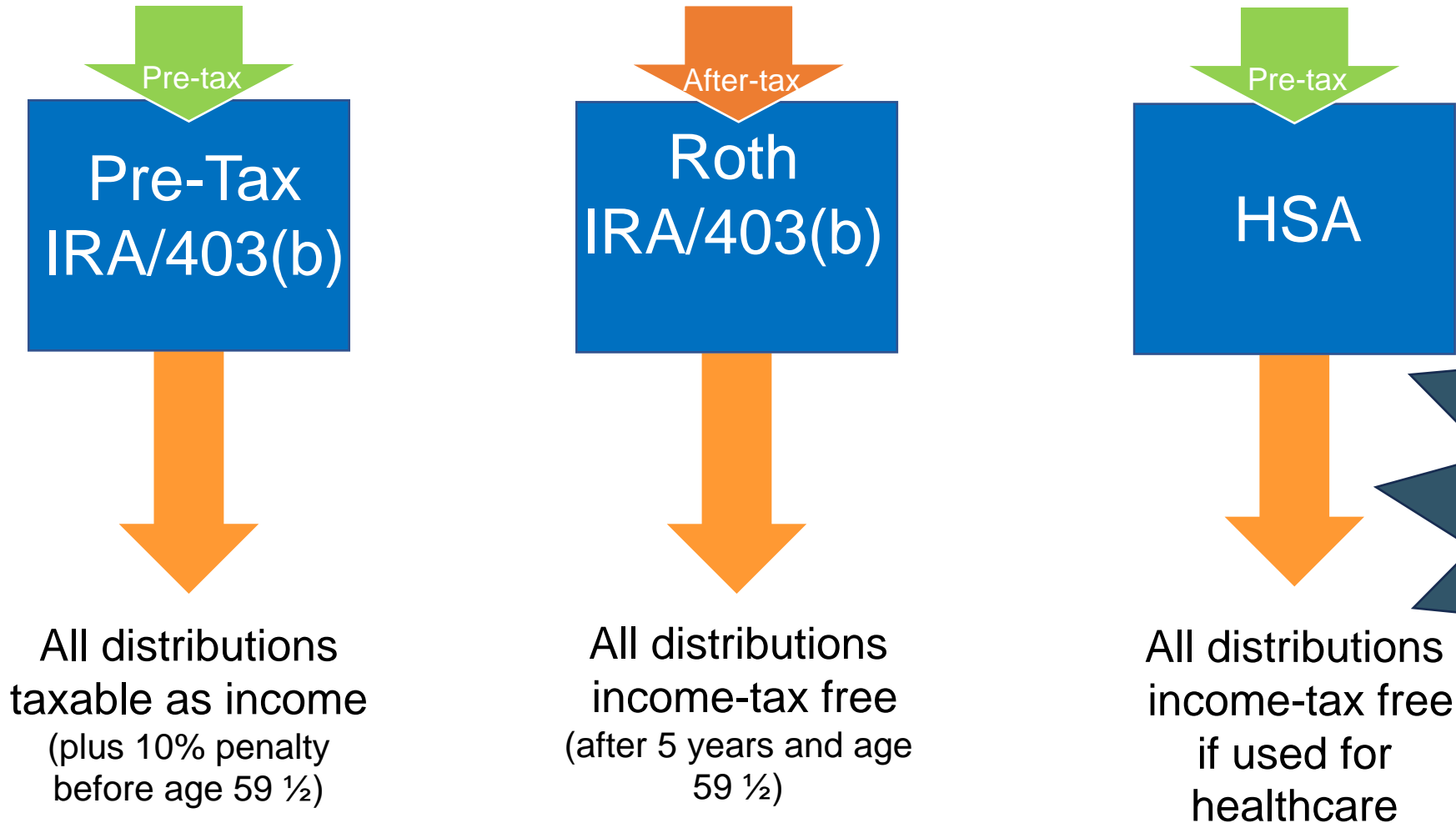
1. Pre-tax deposits
2. Tax-deferred growth
3. Tax-free withdrawals



California does not recognize HSA deferrals or reimbursements as non-taxable.



HSA vs. IRA vs. Roth IRA



California does not recognize HSAs as non-taxable.

Who can't save in an HSA?

- Have secondary coverage (non-HDHP)
- Are enrolled in Medicare (any portion), beware of the six-month look back



What can you contribute to an HSA?

- There are savings limits, just like IRAs
- These limits include employer contributions
- Spousal accounts must be separate

2024 HSA Limits	Contribution Limit (you and employer combined)	Additional Catch-up (for each person age 55+)
Single	\$4,150	\$1,000
Family	\$8,300	\$1,000

Contributing to an HSA

- Payroll deduction/direct deposit
- Lump sum (deposits allowed after year end)



Max out your contribution at tax time.

Can seed the account from your IRA

- May make a one-time transfer from IRA to HSA up to one year's contribution
- Can only do this once in your life

Who gets the HSA upon death?

- HSA continues to surviving spouse if spouse is named as beneficiary
- If no spouse as beneficiary, the account will no longer be considered an HSA and balance will be taxable to estate or named beneficiary

Where can you open an HSA?

- Stanford offers Fidelity as their HSA provider.
- You may open your own HSA if you wish
- Your contribution limit applies to all accounts in aggregate
- No need to move it if you move employers



ASSET
ALLOCATION

Investing your HSA

How to invest your HSA

- First, decide how much you wish to keep liquid for today's expenses, typically one year of out of pocket maximum
- Then, invest the rest based on your risk tolerance and time horizon

Not comfortable picking?

- Fidelity Freedom Index Funds

- Pre-built portfolios
- Allocated based on age
- Downshifts as you age
- Low cost index funds

Name ▲	Morningstar category* ⚡	5 year performance* ⚡	Net expense ratio† ⚡	Gross expense ratio‡ ⚡	
FIDELITY FREEDOM INDEX INC INSTL PREM (FFGZX) ↗	Target-Date Retirement	2.97%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2005 INSTL PREM (FFGFZ) ↗	Target-Date 2000-2010	3.28%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2010 INSTL PREM (FFWTX) ↗	Target-Date 2000-2010	4.04%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2015 INSTL PREM (FIWFZ) ↗	Target-Date 2015	4.82%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2020 INSTL PREM (FIWTX) ↗	Target-Date 2020	5.53%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2025 INSTL PREM (FFEDZ) ↗	Target-Date 2025	6.20%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2030 INSTL PREM (FFEGZ) ↗	Target-Date 2030	7.06%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2035 INSTL PREM (FFEZX) ↗	Target-Date 2035	8.45%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2040 INSTL PREM (FFIZX) ↗	Target-Date 2040	9.62%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2045 INSTL PREM (FFOLZ) ↗	Target-Date 2045	9.81%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2050 INSTL PREM (FFOPX) ↗	Target-Date 2050	9.81%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2055 INSTL PREM (FFLDX) ↗	Target-Date 2055	9.81%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2060 INSTL PREM (FFLEX) ↗	Target-Date 2060	9.80%	0.08%	0.08%	Buy
FIDELITY FREEDOM INDX 2065 INSTL PREM (FFIKX) ↗	Target-Date 2065+	—	0.08%	0.08%	Buy

When to spend the money

- Can be used for you and your dependents health expenses income tax-free! (except premiums)
 - Medical expenses
 - Dental expenses
 - OTC medicines (thanks to the CARES Act)
 - COBRA premiums

When to spend the money

- Withdrawals for non-medical expenses before age 65 are taxed and there is an additional 20% penalty!
- Can be used for non-medical expenses after age 65 - but gains will be taxable (taxed like your traditional 401k)

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**GREATER
CONTROL OVER
HEALTH CARE
SPENDING**



**TRIPLE
TAX
ADVANTAGES**



**RETIREMENT
AND HEALTH
CARE SAVINGS**



Millions of Americans are looking for ways to save on health insurance, control health care spending, and reduce their taxes.

Our resources can help you become better informed: **video clips**, **interactive calculators** to **estimate health insurance savings**, **tax savings** and **future value with an HSA**, an **extensive FAQ**, and list of **qualified medical expenses**.

Read, listen, and learn more about HSAs. It will change the way you think about health care.

Keep
Your
Receipts

RECEIPTS





Q U E S T I O N S & A N S W E R S

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