

# Health Savings Accounts and Retirement

Health care costs are rising for everyone, but as an older adult, you may face more challenges than the general population. For those worried about their financial future and ability to retire, the prospect of medical care is an additional concern. For instance, aging adults tend to face more chronic conditions and medical problems, leading to higher medical and prescription costs.

Health Savings Accounts (HSAs) are a growing trend and are often promoted as a valuable money-saving option. You may be wondering if an HSA is a smart option for you based on your unique medical circumstances. Regardless of this, the benefits of an HSA can be substantial for adults nearing retirement age.

HSAs are paired with a high-deductible health plan (HDHP). This may concern some with chronic medical conditions, as HDHPs involve more out-of-pocket costs than a traditional health plan with lower deductibles. It is important to remember, however, that the HSA provides a valuable savings component that can be used either to pay for out-of-pocket costs or to save money for the future.

If you are considering an HSA, examine the benefits and potential risks and be sure to discuss with your family. Contact your employer's health care plan manager or Human Resources department if you have more questions about your HSA options.

## HERE ARE SOME KEY ADVANTAGES OF AN HSA:

**Lower premiums** – This means there is more cash to invest in the HSA and to eventually put toward the deductible (as opposed to higher monthly premiums associated with traditional health plans).

**Portability** – If your employment situation changes, you keep the HSA and have the benefit of past investments.

**Employer contributions** – Many employers contribute to their employees' HSAs each year. If yours offers this as a benefit, it can boost your ability to save.

**The catch-up contribution** – In addition to the annual limit for HSA contributions, people ages 55 to 65 can contribute an extra \$1,000 per year.

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