

# HSA

## Health Savings Accounts



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## Invest in Your Future

How is it possible to keep control of unused health dollars for future use? There is an investment tool people are taking advantage of in increasing numbers: the health savings account (HSA).

HSAs serve as a pre-tax and pre-FICA fund that can be used to save for the day medical expenses are actually incurred. The account is consumer-controlled. If the funds are not used, the money will continue to grow over time. One of the most attractive features of the HSA is that these funds grow through the accrual of tax-free interest.

The HSA is proving itself to be a wise investment tool, not only for health care needs, but also for long-term retirement planning. The HSA fund is tax-deductible, compounds tax-free interest, and is tax-free to withdraw for medical bills (in comparison to IRA distributions that are always taxable). Also, people ages 55 to 64 can make additional contributions called "catch-up payments" to their accounts to accelerate the rate of savings.

Statistically, Americans spend less than \$500 per year on health care, so for most people any money over about \$500 that can be put away in the HSA becomes a powerful investment tool for the future. Maximum allowable contributions enhance this opportunity further, particularly for those investing at a younger age.

And since any HSA can be invested in the market just like a 401(k), with tax-free interest, the opportunity for long-term growth is exponential.

Consumer-driven financial tools like HSAs encourage the development of families and communities that are incentivized to better manage health expenditures. This in turn facilitates a focus on healthier lifestyle choices, which ultimately takes some of the burden off the health care system. It only works because individuals and families have something to gain financially that also leads to living a longer, healthier life.

At any income level, a savings account that simultaneously drives participants to save money, live a healthier lifestyle and make better health care decisions is a truly valuable resource. HSAs are wise investment tools that effectively fund health care needs now and in the future. It's a win-win for consumers and the community.