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## Health Savings Accounts

*Powerful Financial Tool to Help Manage Health and Wealth*

September 2017

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Health Savings Accounts (HSA) are becoming an increasingly important savings vehicle for participants as companies shift more of the medical expense responsibility onto employees through the use of high deductible health plans. This risk transfer from the company to the individual, and the increasing cost of healthcare, is leading to significant growth in the HSA market. There are over 20 million HSA accounts and studies show assets may grow by 20% in 2017<sup>1</sup>.

### **WHAT IS A HSA**

A HSA is a tax-advantaged medical savings account available to those utilizing a high deductible health plan with an annual deductible of at least \$1,300 (individual) or \$2,600 (family). An eligible individual can setup an account with a qualified HSA trustee and defer pre-tax up to \$3,400 (individual) or \$6,750 (family).

### **BENEFITS OF A HSA**

HSAs provide significant tax benefits when combined with a high-deductible health plan.

- Contributions are tax deductible
- Earnings grow tax-free
- Distributions are tax-free when used for qualified medical expenses
- Provides integrated health and wealth planning

HSAs can help participants save for retirement while accounting for general retirement expenses and retirement healthcare costs. Your 401(k) plan administrator may offer a proprietary or third party integrated solution. There are also many firms specializing in HSA programs that may partner with your administrator. Incorporating HSAs into a total financial wellness initiative can help spur increased savings/deferrals by employees.

#### Additional characteristics of HSAs

- Established by an individual or can be offered as a benefit by an employer
- Monies are controlled by the participant
- Unused account balances roll over year-to-year
- Plans may offer a wide range of investment vehicles or mirror current lineup
- Accounts are portable

### **HOW DIMEO SCHNEIDER & ASSOCIATES, L.L.C. CAN HELP**

DiMeo Schneider can share studies and surveys about estimated retirement healthcare costs, educate plan sponsors on best practices and help initiate and engage conversations with plan providers about integrated solutions to streamline the decision making process for your employees.

For more information, please contact: Steve Dufault, CIMA®, Defined Contribution Practice Leader and Senior Consultant at 312-853-1000 x 4110 or [sdufault@dimeoschneider.com](mailto:sdufault@dimeoschneider.com)

1. Devenir Research 2016 Year-End HSA Market Statistics & Trends Executive Summary 2.22.2017; Devenir Group LLC

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