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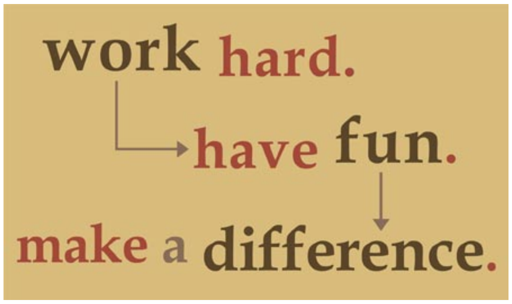
Your HSA as a retirement tool – the facts

Health Savings Accounts (HSAs) are a great way to pay for medical expenses, and since unused funds roll over from year to year, the account can also provide a source of retirement funds in addition to other plans like 401(k)s or IRAs. But be aware of how HSAs compare to other retirement investment tools.

- HSAs work best when they are used to pay for qualified medical expenses. Neither your original contributions to an HSA nor your investment earnings are taxed when used this way.
- There is no required minimum distribution after you reach age 70½, like there is with 401(k)s and IRAs.
- You can only contribute to an HSA if you have a high deductible health insurance plan. The downside of these plans is that you pay more out of pocket each year when you need to use health services.
- Annual contributions to HSAs are limited to $3,400 a year for individuals and $6,750 a year for families (add $1,000 for people aged 55 or older).
- HSAs typically have fewer investment options compared with other investment tools including 401(k)s and IRAs. They also often have high management and administrative fees.
- Before you reach age 65, non-medical withdrawals from HSAs come with a whopping 20 percent penalty, plus they are taxed as income.
- Even after age 65, both contributions and earnings are taxed when they are withdrawn for non-medical expenses. In this way, HSAs compare unfavorably with 401(k)s and IRAs, which end their early withdrawal period earlier, at age 59½. They also have lower early withdrawal penalties of just 10 percent.

HSAs are a powerful tool to help manage the ever-rising costs of health care. Knowing the rules and the costs associated with them can help you position an HSA with your other retirement options.

Learn from the 'best places to work'



Google, Facebook, and Southwest Airlines are among the top five companies on job search site Indeed's "Best Places to Work 2017" list. You may not have the resources of these large companies, but you can incorporate some of their ideas into your company's culture.

Respect. The best companies cultivate a culture of respect, according to a poll conducted by the Society for Human Resource Management. Employees say they feel valued by their leaders and their coworkers regardless of their background, ethnicity, religion, sexual orientation, or gender.

Opportunities for growth. Leaders at the best companies evaluate staff regularly and look for ways to challenge them in new areas.

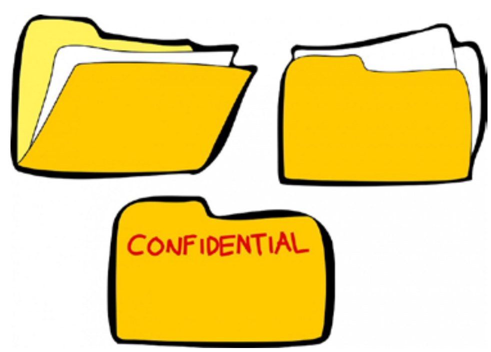
Communication is key. At the best companies, leaders and staff talk *constantly*. The organization regularly seeks feedback about its culture, practices, and operational challenges. Leaders are accessible and open to discussion about business problems and successes.

Clear goals. The best companies openly state well-defined objectives and the steps required to achieve them, according to *Fortune* magazine.

Accountability. The best companies make sure workers are confident they'll be rewarded for performance and held responsible for achieving their objectives.

Bottom line: When you treat your employees with respect and keep challenging them, they're less likely to leave for greener pastures.

Have adult children? Take steps to avoid medical access denial



Imagine your college-aged daughter has an accident while away at school and ends up in the emergency room. When you call the hospital, you are denied information about her care because you do not have the proper forms signed. Under the Health Insurance Portability and Accountability Act (HIPAA), you do not have legal access to your child's health information after they reach age 18, even if your child is still your dependent and their health insurance coverage is in your name. To avoid this administrative nightmare, take the following steps.

1. Make sure your **health insurance coverage** will cover your child at his or her new campus home.
2. Have your son or daughter sign a **HIPAA authorization form** allowing you access to their medical information.
3. Create a **multipurpose medical power of attorney authorization**, which will not only give you authorization to help make medical decisions, it can also include an advance directive or living will.
4. Scan two copies of these documents – one for you and one for your child – and keep them in a secure place along with a copy of your student's insurance card.