YOUR BENEFITS. OUR KNOWLEDGE.

HEALTH SAVING ACCOUNTS: ANOTHER POWERFUL TOOL TO FUND EXPENSES IN RETIREMENT.

Increased costs in retirement

Healthcare costs continue to be one of the largest expenses a retiree may face. These costs have been rising each year at a rate of approximately 2-2.5 times that of U.S. inflation.*

While most 65-year-old couples retiring in 2021 can expect their retirement healthcare costs to fall between $156,208 and $1,022,997,* factors such as the state in which they retire, coverage choices and chronic health conditions can have a significant impact on where within that range they may fall, highlighting the importance of personalized healthcare cost planning.

Health savings accounts (HSAs) provide powerful features to help pay for today's and tomorrow's medical expenses.

What is a health savings account (HSA)?

An HSA is a savings vehicle that lets individuals make tax-deductible contributions to an account for medical expenses. When used for qualified medical expenses, distributions are tax-free. Qualified medical expenses can be incurred by you, your spouse or those you claim as dependents on your tax return.

2023/2024 by the numbers

Requirement Type	2023	2024
Minimum Deductible – Individual Coverage	$1,500	$1,600
Minimum Deductible – Family Coverage	$3,000	$3,200
Maximum Out-of-Pocket Maximum - Individual Coverage	$7,500	$8,050
Maximum Out-of-Pocket Maximum - Family Coverage	$15,000	$16,100
Individual Coverage	$3,850	$4,150
Family Coverage	$7,750	$8,300
Catch Up Contribution – Individuals age 55 or over	$1,000	$1,000

Benefits

Tax-favored savings. HSAs qualify for tax-free contributions, tax-free growth and tax-free distributions when used for qualified medical expenses.

100% vested immediately. Funds contributed to the HSA belong to you—whether contributed by you or your employer, if applicable.

Funds availability. You can tap into HSA funds at any time should a medical need arise. Unlike traditional retirement accounts, there's no minimum age for distributions.

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* Source: Health View: https://hvsfinancial.com/wp-content/uploads/2020/12/2021-Retirement-Healthcare-Costs-Data-Report.pdf

How HSAs Work

To be eligible for an HSA, you must:

- Be covered by a qualified high deductible health plan (HDHP).
- Have no other disqualifying health coverage (e.g., not be a participant in another non-qualified HDHP).
- An individual may have accident, disability, dental, vision, long-term care or a prescription drug plan.
- Not be enrolled in Medicare.
- Not be claimed as a dependent on someone else's tax return.

Contributions. Any eligible individual may contribute to an HSA, up to the annual IRS maximum. Additionally, if you're age 55 or older, you may make catch-up contributions. If your employer makes contributions on your behalf, these contributions count toward the maximum limit and reduce how much you may contribute.

If participants are married and either spouse has family coverage on a qualifying HDHP, both spouses are treated as having family HDHP coverage. Married individuals with separate HSA accounts may each make separate catch-up contributions to double their extra savings.

Distributions. Your HSA funds are available to you at any time to pay for qualifying medical expenses for you, your spouse or your dependents—tax-free. If you're under age 65, distributions used for non-qualifying expenses will be taxed and an IRS penalty will apply. If you are 65 or over, distributions for non-qualifying expenses will be taxed, but no penalty will apply.

One advantage an HSA offers is that you don't have to take distributions from your HSA each year. This means you can continue to accumulate money in your HSA for future needs.

Growing Your Account

- **Maximize your annual contributions**
  Visit **My HSA Planner** for personalized guidance on the best contribution strategy.
- **Catch-up contributions**
  If you're over age 55, take advantage of catch-up contributions. If you are married and your spouse is over age 55, you may make catch-up contributions for them as well.
- **Prior-year contributions**
  You may make contributions up until tax day (traditionally April 15 each year).
- **Transfer additional funds**
  Do you have funds in another HSA or an IRA you would like to transfer into your Associated Bank HSA? Talk to your financial advisor about this option.
- **Invest funds**
  Create your investment strategy using our guidance tool and choose from our menu of highly-rated investment options.

We're Here to Help

Contact Us. Call our Participant Services team Monday through Friday, 7 a.m. to 7 p.m. CT at 800-270-7719 or email us at ParticipantServices@AssociatedBank.com.

Associated Bank