



**STERLING**  
ADMINISTRATION

## FIVE REASONS YOU NEED AN HSA BEFORE YOU RETIRE

### 1 AS A RETIREE, YOU MAY INCUR HEFTY HEALTH CARE COSTS

Even with Medicare, retirees face out-of-pocket costs in the form of premiums, deductibles and copays. The Employee Benefit Research Institute estimates that a man who is 65 in 2017 will need \$131,000 to have a 90 percent chance of covering all retirement health care costs. A 65-year-old woman will need \$147,000.<sup>1</sup>

### 2 FORTUNATELY, YOUR HSA KEEPS WORKING AFTER YOU RETIRE

Retirees cannot contribute to HSAs after enrolling in Medicare – but they can still retain and use the funds in HSAs they previously established. If you don't use the money in your HSA, you retain it. HSAs are also portable – meaning that when you change jobs or health insurers, you bring your HSA with you – even when you enroll in Medicare.

### 3 HSAS COVER YOUR GAPS

Original Medicare does not cover everything. Many of the gaps left by Medicare are considered qualifying medical expenses under an HSA. These may include:

- Long-term care services
- Long-term care insurance
- Dental care
- Vision care
- Hearing aids

### 4 YOU'LL LOVE THESE TRIPLE TAX ADVANTAGES

One BIG reason people like HSAs is that they have three tax advantages:

- HSA contributions are tax deductible.
- Interest earned in an HSA is tax-free.
- Withdrawals for qualified medical expenses are tax-free.

### 5 YOU MAY BE ABLE TO DELAY MEDICARE TO MAXIMIZE YOUR HSA CONTRIBUTIONS

Late enrollment in Medicare can result in hefty penalties. However, if you receive qualifying health insurance through an employer, you may be able to delay Medicare enrollment and Social Security benefits without a penalty, allowing you to continue contributing to your HSA.

Source:

1. [www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_v38no10\\_22.pdf](http://www.ebri.org/pdf/notespdf/EBRI_Notes_v38no10_22.pdf)