MarshMcLennan Agency

HSAs

and Why You Should Change the Retirement Strategy Story

MarshMcLennan Agency

Introduction

Turn back the clock to the 1970s. Disco was king. America was celebrating its bicentennial. Bell-bottom pants were en vogue. It was a different time. That's when individual retirement accounts (IRAs) were first introduced.[1] A few years later, the 401(k) was born.

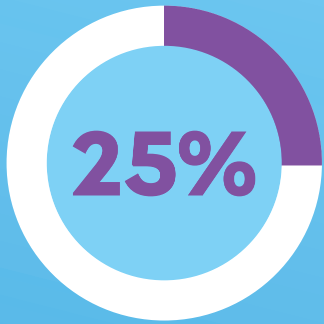
Since then, our music has changed. Our style has changed. Yet these two types of accounts have remained the standard for retirement planning. Many Americans invest and prepare for retirement the same way they did decades ago, despite the ever-growing challenge that retirees face.

The average, healthy 65-year-old couple is projected to need more than $350,000 in today's dollars[2] to cover healthcare costs alone in retirement. Considering healthcare costs have "historically grown faster than inflation,"[3] that number will likely continue to rise.

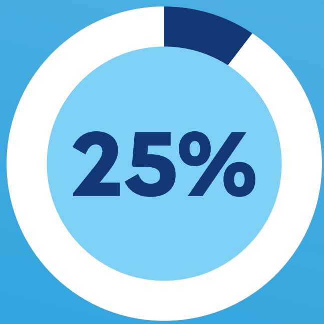
This rising challenge requires all of us to evolve and diversify our retirement planning strategy. What worked 40 years ago might not be the best approach today. Fortunately, there's an often overlooked way to help employees build wealth and prepare for retirement. And it's a solution you might already be offering: the health savings account (HSA).

HSAs were introduced in 2003.[4] Since that time, the HSA has often been communicated to employees as a spending and savings tool during open enrollment, along with other health-related plans such as flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs). So we shouldn't be surprised that most employees use their HSAs like they do their FSAs, and that's to save a little money now rather than a lot of money over time.

There's real value for you and them in re-thinking how you position HSAs within your employee benefits offering. By re-writing your HSA story, you can help your employees look ahead to the next chapter of their lives with confidence and peace of mind.



25% of HSA participants in a recent study say they save money in an HSA to prepare for retirement.[5]



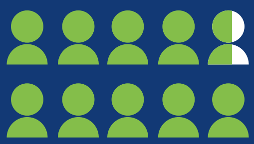
7% of HSA participants in a survey said they invest their funds.[6]

[1] https://www.forbes.com/sites/kellyphillipserb/2011/06/27/deduct-this-history-of-the-ira-deduction/?sh=4b3ed7917e7d
[2] https://us.milliman.com/-/media/milliman/pdfs/articles/meb_2020.ashx
[3] https://pressroom.vanguard.com/nonindexed/Research-Planning-for-healthcare-costs-in-retirement_061918.pdf
[4] https://www.congress.gov/bill/108th-congress/house-bill/1
[5] https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/employees-not-using-hsas-to-invest-for-retirement.aspx
[6] https://www.ebri.org/docs/default-source/fast-facts/ff-321-cehcs-24jan19.pdf?sfvrsn=7cc3e2f_7

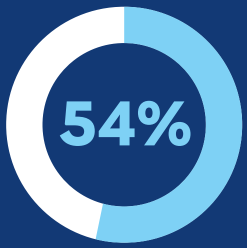
What employees are saying about their finances and retirement

A variety of recent studies have indicated that:

Nearly twice as many employees said they were stressed about their finances than said they were stressed about their jobs.[7]



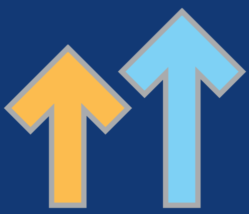
47% of all employees say financial challenges are their biggest cause of stress.[8]



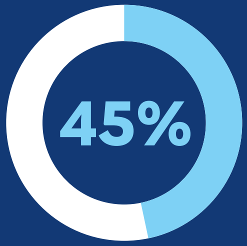
54% of all employees say financial stress has caused them to either miss work or has negatively affected their productivity.[9]

What employers are saying about their finances and retirement

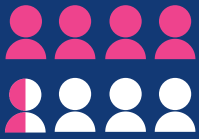
A variety of recent studies have indicated that:



The top issues "addressed through financial wellness initiatives were healthcare costs and retirement preparedness."[10]



45% of baby boomers have diversified retirement options.[12] The percentage is much higher for younger employees.



65% of employees participate in their employers' retirement plan[11]

80% of employers say that employee financial stress is reducing workplace performance, at an estimated cost of half a trillion dollars.[13]

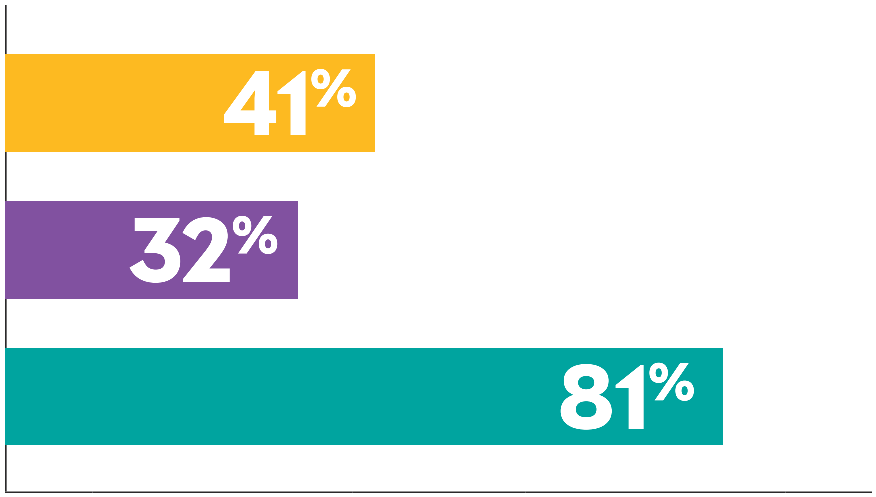
[7] https://www.wexinc.com/wp-content/uploads/2019/05/WEXHealth_PayingForHealthcareInAmerica_2019.pdf
[8] https://www.pwc.com/us/en/industries/private-company-services/images/pwc-9th-annual-employee-financial-wellness-survey-2020.pdf
[9] https://www.pwc.com/us/en/private-company-services/publications/assets/pwc-financial-stress-and-bottom-line.pdf
[10] https://www.ebri.org/content/2020-ebri-financial-wellbeing-employer-survey-covid-19-driving-benefit-offerings-and-potentially-forcing-tough-budget-decisions
[11] https://www.benefitspro.com/2020/03/16/9-ways-employers-can-transform-retirement-plans-to-help-workers/
[12] https://www.benefitspro.com/2020/03/16/9-ways-employers-can-transform-retirement-plans-to-help-workers/
[13] https://www.forbes.com/sites/colleenreilly/2020/09/09/why-financial-wellbeing-at-work-is-more-important-than-ever/?sh=5d9836a178dc

The missing retirement solution?

(Hint: You may already offer it)

Let's say you have an employee who is ready to start planning for retirement. Like many Americans, they've turned to a 401(k) or IRA first, taking advantage of the tax-free contributions or tax-free withdrawals that come with either. Their funds are invested for faster growth.

There are other retirement plan options out there too, including 403(b) plans, simplified employee pension (SEP) plans, and more.



Despite all of these options, only 36 percent of non-retirees said in a 2019 survey that their retirement saving is on track.[17]

41%

of Americans participate in either a traditional or Roth IRA[14]

32%

of employees participate in a 401(k)[15]

81%

of employees eligible for a 403(b) do participate in one.[16]

[14] https://401kspecialistmag.com/2-in-3-americans-dont-know-much-about-iras
[15] https://www.fool.com/retirement/2017/06/19/does-the-average-american-have-a-401k.aspx
[16] https://401kspecialistmag.com/climbing-participation-contribution-rates-a-good-sign-for-403b-plans
[17] https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf

Meanwhile, HSAs are booming in popularity, with total assets eclipsing $82 billion in 2020. [18] That's nearly triple from just five years earlier. They have comparable — or better — perks than a 401(k) or IRA with respect to healthcare costs, including:

- HSA contributions reduce taxable income.
- HSA contributions made through payroll are not subject to the 7.65% FICA tax.
- Withdrawals for HSA eligible medical expenses are tax-free.
- HSA funds can be invested, and earnings through investment accumulate tax-free.
- All HSA funds carry over from year to year.
- Flexibility to withdraw funds for eligible medical expenses when needs emerge.
- Generally, contribution amounts can be changed at any time.

These traits make the HSA a powerful, yet under-utilized investment and retirement tool. However, as mentioned, only about 7 percent of HSA participants invest their funds,[19] despite the HSA having perks that a 401(k) or IRA doesn't have.

By the numbers[18]

$82.2 billion

total HSA assets

30+ million

total HSAs open

25%

year-over-year increase in assets

6%

year-over-year increase in accounts

$23.8 billion

total HSA investment assets

[18] https://www.devenir.com/wp-content/uploads/2020-Year-End-Devenir-HSA-Research-Report-Executive-Summary.pdf

[19] https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/employees-not-using-hsas-to-invest-for-retirement.asp

How HSAs differentiate themselves

The “savings” is a key point of emphasis in “health savings account.” Yes, participants can save money to cover their immediate needs. But they can also build a savings balance for future needs, and these funds can be invested.

There are a couple of important distinctions related to healthcare costs when comparing an HSA with a 401(k) and IRA:

Contributions and withdrawals

- With an HSA, contributions made through payroll deductions are tax-free. Withdrawals to purchase eligible expenses are also tax-free.
- With a 401(k), contributions are tax-free, but withdrawals are taxed as any other type of income. Additionally, if they withdraw funds before they turn 59 ½, the funds are subject to a 10 percent early withdrawal penalty.
- With an IRA, there are tax implications for either contributions or withdrawals (depending on the type of IRA).

Surprise healthcare costs

- HSA participants who are using the account for retirement planning can tap into funds at any time should a need arise. They are only subject to withdrawal penalties if the funds are spent on ineligible expenses.
- With a 401(k) or IRA, withdrawals prior to age 59 ½ are generally subject to be included in the account holder’s gross income, plus are subject to a 10 percent penalty.

PRO INSIGHTS

“HSAs are the one benefit that can check both the healthcare and retirement-planning boxes. That’s why these accounts should be the cornerstone of your employee wellness program.”

Jeff Bakke

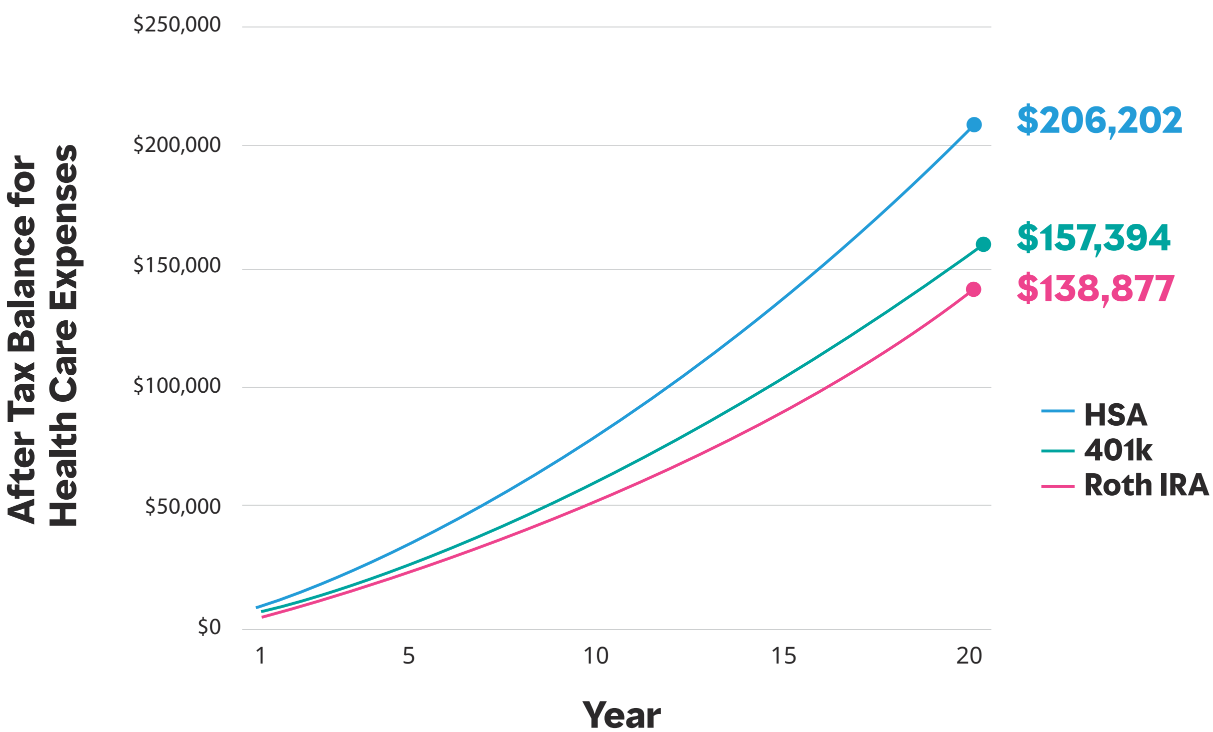
Chief Strategy Officer Health, WEX

See the HSA savings

Over half of HSA-enrolled employees also contribute to a 401(k). [20] But there are reasons why these employees should consider maxing out their HSA contributions before they contribute to a 401(k) or IRA.

Let's lay out a scenario for someone, who we'll call Jane Smith. Jane is married with two kids and is preparing for retirement by participating in an HSA, 401(k), and IRA.

- She contributes $4,000 into each of these accounts: her family HSA, 401(k), and IRA.
- She invests her HSA funds. The return-on-investment for each account is 5 percent annually.
- Her combined federal and state tax rate is 25 percent, and her tax rate at the time she distributes funds is 15 percent.



That's a 31 percent increase in healthcare purchasing power with an HSA after 20 years when compared to a 401(k) or IRA. So what happened?

401(k) and IRA contributions are subject to FICA taxes (which are 7.65 percent), while HSA contributions are not.

With a 401(k) or IRA, funds are taxed somewhere, either when they're contributed or when they're withdrawn. With an HSA, funds are not taxed when contributed or withdrawn, as long as the purchases are for eligible healthcare expenses. This is huge. As we mentioned earlier, the average couple will spend over $350,000 on healthcare costs in retirement.

[20] https://www.plansponsor.com/half-employees-contributing-hsa-401k/

PRO INSIGHTS

"Because of the triple-tax advantage of an HSA, plus the 7.65% FICA savings compounded year over year, employees actually make more money than with a 401(k) or IRA. There are other variables, such as employer matching of HSA or 401(k) funds that employees need to consider. But all things being equal, they're actually better off putting money in an HSA."

Jeff Bakke
Chief Strategy Officer | Health, WEX

How popular retirement plans stack up

	Eligibility	2021 contribution limits	Taxes contributions	Taxes withdrawals	Withdrawal penalties
Traditional 401(k)	Must be employed at a business that offers a 401(k).	$19,500 if you're younger than 50. $26,000 for anyone 50 or older.	Tax-free	Taxed	Generally, withdrawals prior to age 59 ½ are subject to be included in gross income, plus a 10 percent penalty.
Traditional IRA	Must have taxable compensation and be younger than 70 ½. Additionally, your deduction may be limited if you (or your spouse, if you are married) are covered by a retirement plan at work and your income exceeds certain levels.	The lesser of: $6,000 (or $7,000, for anyone 50 or older) Your taxable compensation for the year.	Tax-free if they qualify (eligibility is based on your retirement plan at work)	Taxed	Generally, withdrawals prior to age 59 ½ are subject to be included in gross income, plus a 10 percent penalty.
Roth IRA	Can contribute at any age if you meet certain income requirements.	The lesser of: $6,000 (or $7,000, for anyone 50 or older)Your taxable compensation for the year.	Taxed	Tax-free if withdrawals qualify	Generally, withdrawals prior to age 59 ½ are subject to be included in gross income, plus a 10 percent penalty.
HSA	Must be enrolled in a HSA qualified health plan.	$3,600 self-only; $7,200 family. Additional $1,000 for anyone 55 or older.	Tax-free, if made by payroll deduction	Tax-free (if funds are used on eligible medical expenses at any age). Taxable as ordinary income after age 65 (if funds are used for any reason other than eligible medical expenses).	Generally, withdrawals for ineligible expenses prior to age 65 are subject to be included in gross income, plus a 20 percent tax penalty.
Traditional 403(b)	Generally, an eligible employee of a public school system or church, or an employee of a Code Section 501(c)(3) tax-exempt organization are among those who qualify.	Employer limit: $19,500 for anyone younger than 50. $26,000 for anyone 50 or older. Employee/employer combined limit: $58,000 for anyone younger than 50; $64,500 for anyone 50 or older.	Tax-free if they qualify (eligibility is based on your retirement plan at work)	Taxed	Generally, withdrawals prior to age 59 ½ are subject to be included in gross income, plus a 10 percent penalty.
Roth 403(b)	Generally, an eligible employee of a public school system or church, or an employee of a Code Section 501(c)(3) tax-exempt organization are among those who qualify.	Employer limit: $19,500 for anyone younger than 50; $26,000 for anyone 50 or older. Employee/employer combined limit: $58,000 for anyone younger than 50; $64,500 for anyone 50 or older.	Taxed	Tax-free if withdrawals qualify	Generally, withdrawals prior to age 59 ½ are subject to be included in gross income, plus a 10 percent penalty.

Sources:
https://www.irs.gov/retirement-plans/ira-deduction-limits
https://www.irs.gov/retirement-plans/traditional-and-roth-iras
https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-403b-tax-sheltered-annuity-plans

How does an HSA work after age 65?

While HSA withdrawals are only tax-free when used on eligible expenses, that's a significant need for your employees as they age. Healthcare costs are the third-largest expense for retiree households, behind only housing and transportation.[21]

However, an HSA's retirement perks get even better once the participant reaches age 65.

No penalties for ineligible expenses

When an HSA participant reaches age 65, they can pay for any expense with their HSA funds without facing a 20 percent tax penalty. For eligible healthcare expenses, the funds are spent tax-free like they always have been. For ineligible expenses, the funds would still be taxed.

Compare that with a traditional 401(k). If your retired employee withdrew funds, the funds would be taxed as income.

Paying for Medicare, long-term needs

Medicare is generally available to individuals once they turn 65.[22] That opens up some added spending flexibility for those with an HSA. While HSA participants can't contribute to an HSA while on Medicare, they can still withdraw funds.

If one of your employees purchases long-term care insurance, they can use HSA funds to pay for a variety of Medicare premiums and long-term care insurance premiums.[23] However, there are limits on how much they can withdraw for long-term care insurance premiums.

Long-term care services are also HSA eligible, as long as the services otherwise qualify as medical care expenses.

Remember Jane from our previous example? After $4,000 per year was contributed into her HSA, 401(k), and IRA, these were the balances in each account after 20 years (factoring in the details outlined in her example):

HSA:	401(k):	IRA:
$206,000	**$157,000**	**$139,000**

Think of it this way: Even if she had waited all the way until age 45 to start planning for retirement, she'd have tens of thousands more dollars in HSA-eligible spending capability due to the tax advantages of an HSA. If she started saving for retirement earlier than age 45, just imagine the possibilities.

Top 3 Expenses for retiree households[21]

Housing
$17,472
per year

Transportation
$7,492
per year

Healthcare
$6,833
per year

[21] https://401kspecialistmag.com/5-biggest-expenses-for-retiree-households
[22] https://www.hhs.gov/answers/medicare-and-medicaid/who-is-elibible-for-medicare/index.html
[23] https://hsastore.com/learn/accounts/future-healthy-hsa-age-65

Savings scenarios

As we mentioned above, approximately $351,000 in today's dollars ($535,000 in future dollars) is needed for the average couple to cover healthcare costs in retirement.[24] That means an individual can expect to need half that — $175,000 — in retirement. We've outlined a few scenarios should an employee use their HSA entirely as a retirement-planning tool.

Scenario #1:

Kelsey is 25 years old and is 40 years from retirement

The earlier Kelsey starts preparing for retirement, the better. Kelsey has her eyes on the dream retirement prize and wants to use her HSA to get there.

Based on our model, Kelsey would only need to set aside about $18 per week to reach $175,000 by age 65. To put that in perspective, **$18 per week** might be less than what you spend on coffee each week.[25]

Scenario #2:

Juanita is 35 years old and is 30 years from retirement

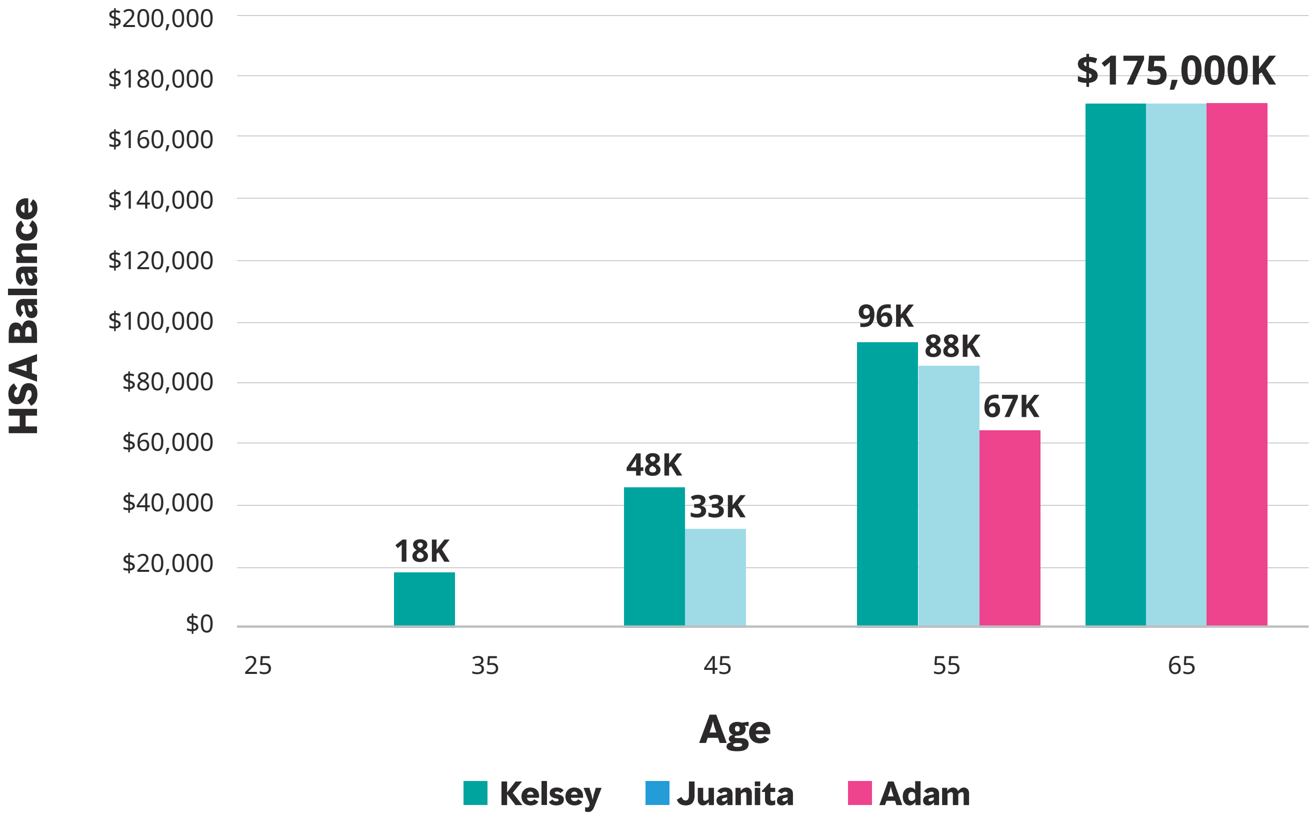
Thirty years still leaves her with a lot of time and wiggle room. By contributing just **$33 per week** to an HSA, she'll be on the path to $175,000. That's less than the average American spends on gas, motor oil, and other fuels in an average year.[26]

Scenario #3:

Adam is 45 and is 20 years from retirement

Even at 20 years until retirement, Adam can still get to $175,000 within an HSA's contribution limits. Within our model, he would need to contribute **$65 per week** to reach $175,000 by retirement. That's less than the average used car payment, and the return would be a lifetime of healthcare coverage after age 65.[27]

[24] https://milliman-cdn.azureedge.net/-/media/milliman/pdfs/articles/meb_2020.ashx
[25] https://www.marketwatch.com/story/why-your-latte-costs-nearly-5-despite-plummeting-coffee-bean-prices-2019-04-26
[26] https://www.bls.gov/news.release/pdf/cesan.pdf
[27] https://www.nerdwallet.com/article/loans/auto-loans/average-monthly-car-payment



Scenario #4:

Joe is less than 20 years from retirement

The good news is it's not too late for Joe to get to $175,000! It will be a little more challenging to achieve this goal if he's confined to self-only HSA contributions due to the IRS' self-only limits.

However:

- If Joe is married and the HSA-eligible health plan he's enrolled in also covers his spouse, then he can contribute the HSA's family contribution limit. That allows Joe to more aggressively pursue $175,000 with just an HSA.
- If he's single and is confined to an HSA's self-only limit, he can still max out his HSA. He'll also want to turn to another retirement account to help him get to that number

Changing the HSA/retirement conversation

Communicate HSA with retirement options

If you offer an HSA to your employees, how do you currently introduce them? One reason that HSA participants typically use their HSA for short-term savings might be that they're often communicated during open enrollment alongside FSAs and HRAs. After all, HSAs are health accounts. And the administrator of your HSA might also administer your FSA and HRA. But it's important to also communicate HSAs when you're discussing any available retirement options to your employees, such as an employer-sponsored 401(k) or pension plans.

Set the example, and they may follow

Many employers whet their employees' appetites for 401(k) participation by matching funds. In 2018, employers contributed an average of 5.2 percent of employee salaries into a 401(k), which may have sparked an increase in employee contributions.[28]

If you offer an HSA, do your employees have any incentives to contribute? Provide them with a contribution or match to entice them to open and contribute to an HSA.

Emphasize retirement diversification

A diversified retirement approach isn't limited only to diversified assets. Diversifying retirement accounts also makes sense, allowing each account to focus on a certain retirement need or a specific type of investment asset. HSAs are perfectly positioned to cover healthcare retirement costs. If someone is enrolled in an HSA, 401(k), and IRA, they could use the latter two to tackle other retirement needs, such as housing and transportation.

What's the employer contribution sweet spot?

Employer contributions do influence employee contributions. How do we know that? Our partners power more HSAs than other technology platforms, giving us unique insights into participant behavior.

Our data insights team has learned:

Any contribution

of $50 or more will encourage participation.

For family coverage

a $1,500 to $1,750 employer contribution yields the highest employee contribution.

For individuals

a $750 to $1,000 employer contribution yields the highest employee contribution.

[28] *https://www.cnbc.com/2020/01/07/heres-why-americans-are-contributing-more-to-their-401k-plans.html*

HSA success story

Dan Maass, who is a Principal for OneDigital, had a client experience an 86% increase in HSA enrollments during 2020 open enrollment. How? Here are three reasons Dan cited:

Executive support.

During open enrollment, the client's CFO shared his own experience as a first-time HSA user and why he preferred it.

Targeted education.

The client's open enrollment included a separate presentation just on HSAs, which included focusing on their value as a retirement tool.

Planning tools.

Employees had access to tools that helped answer their HSA questions and plan for the upcoming year.

"Entering 2020, the client was facing high medical renewals," Maass said. "We found that the employees were thinking about the HSA, but were often sticking with their HSA-ineligible PPO. Giving the HSA more detailed attention provided a real boost to the client's HDHP and HSA participation."

5 steps you could encourage your employees to take in preparation for retirement

1 Take advantage of employer contributions

Are you matching a certain percentage to your employees' 401(k)? Or are you contributing to their HSA? Taking advantage of these funds makes financial sense, because it's basically a salary bump for your employees that's specifically tied to their retirement planning. For example, if you're matching HSA employee contributions up to $1,000 and/or matching their 401(k) contributions up to 5 percent, your employees may first consider taking advantage of these funds.

2 Max out their HSA contributions

Fill up that HSA! As we've outlined, due to an HSA's tax advantages on both contributions and withdrawals for eligible expenses, these accounts stand out from a healthcare retirement-planning perspective. Contributing the IRS limit every year is a smart way for your employees to put themselves on the path to achieving their retirement goals.

3 Max out additional retirement accounts

Your employees can now look to a 401(k) and/or IRA to support their retirement plan. A diversified retirement approach with accounts and assets is needed, especially since IRS contribution limits only allow a certain amount to be contributed to each account.

4 Invest their HSA funds

Once your employees' balances reach the administrators HSA investment threshold, they should consider investing their funds, just as they would with a 401(k) or IRA. Your HSA may have a variety of mutual funds to choose from. For example, our HSA offerings have more than 5,000 mutual funds and other investment options that cater to investors of any age, with calculators and tools to help those who are new to investing.

5 Pay out-of-pocket when possible

HSAs afford your employees with more opportunity to avoid tax penalties when spending funds. However, even though that flexibility is there, they should pay for eligible expenses out-of-pocket as much as they can rather than tapping into their HSA funds. That way their HSA balance remains untouched and can continue to grow through investing, just as your employees are used to doing with their 401(k).

PRO INSIGHTS

"To continue to drive participation, our HSA-eligible plan is the highest-funded plan that Novolex offers. We also purposefully price it as the least expensive."

Deana Nilsen
Director, HR Programs at Novolex (10,000 employees)

How high are HSA-eligible health plan deductibles?

To participate in an HSA, your employees must be enrolled in a qualifying high-deductible health plan (HDHP). By calling them HDHPs, we're focusing on these plans higher deductibles and not their lower premiums and HSA eligibility. Referring to HDHPs as HSA-eligible health plans may encourage participation.

Your employees might be surprised by how little of a difference there is in deductibles between an HDHP and a traditional health plan.

2021 HDHP annual deductible minimum limit

Single - $1,400 **Family - $2,800**

Average annual deductible for a more traditional, non-high-deductible plan (based on 2018 survey)[29]

Single - $932 **Family - $1,931**

Average annual deductible per enrolled employee in employer-based health insurance (in 2019 for any plan)[30]

Single - $1,931 **Family - $3,655**

These numbers indicate that the average employer-based health insurance may already qualify as an HSA-eligible health plan. Even if your employees' health plan doesn't qualify, it might not be far off from meeting that requirement. Plus, there are other factors to consider such as coinsurance and copays.

Meeting the high-deductible limit alone isn't enough to make a health plan eligible to be paired with an HSA. Per IRS requirements,[31] an HSA-eligible health plan:

- Has a maximum limit on the sum of the annual deductible and out-of-pocket medical expenses that you must pay for covered expenses. According to the IRS, out-of-pocket expenses include copayments and other amounts, but not premiums.
- May provide preventive care benefits without a deductible or with a deductible less than the minimum annual deductible.
- Can't offer any benefit beyond preventive care until the deductible is met.[32]

[29] https://www.ifebp.org/aboutus/pressroom/releases/Pages/Average-Health-Care-Deductible-Nearly-$1,500-for-Individual-Coverage-Through-an-Employer-Plan.aspx
[30] https://www.kff.org/other/state-indicator/average-annual-deductible-per-enrolled-employee-in-employer-based-health-insurance-for-single-and-family-coverage
[31] https://www.irs.gov/publications/p969#en_US_2019_publink1000204039
[32] https://thefinancebuff.com/not-all-high-deductible-plans-hsa-eligible.html

PRO INSIGHTS

"What often scares employees from enrolling in an HDHP is not having the fixed copay amounts (PCP, specialist and prescription benefits). Depending on the plan design, however, there are cases where an HDHP's out-of-pocket deductible is lower than it is for a traditional plan. We help address those concerns with employee education that shows how employer HSA funding can bring down the overall employee's out-of-pocket maximum."

Dawn Funk

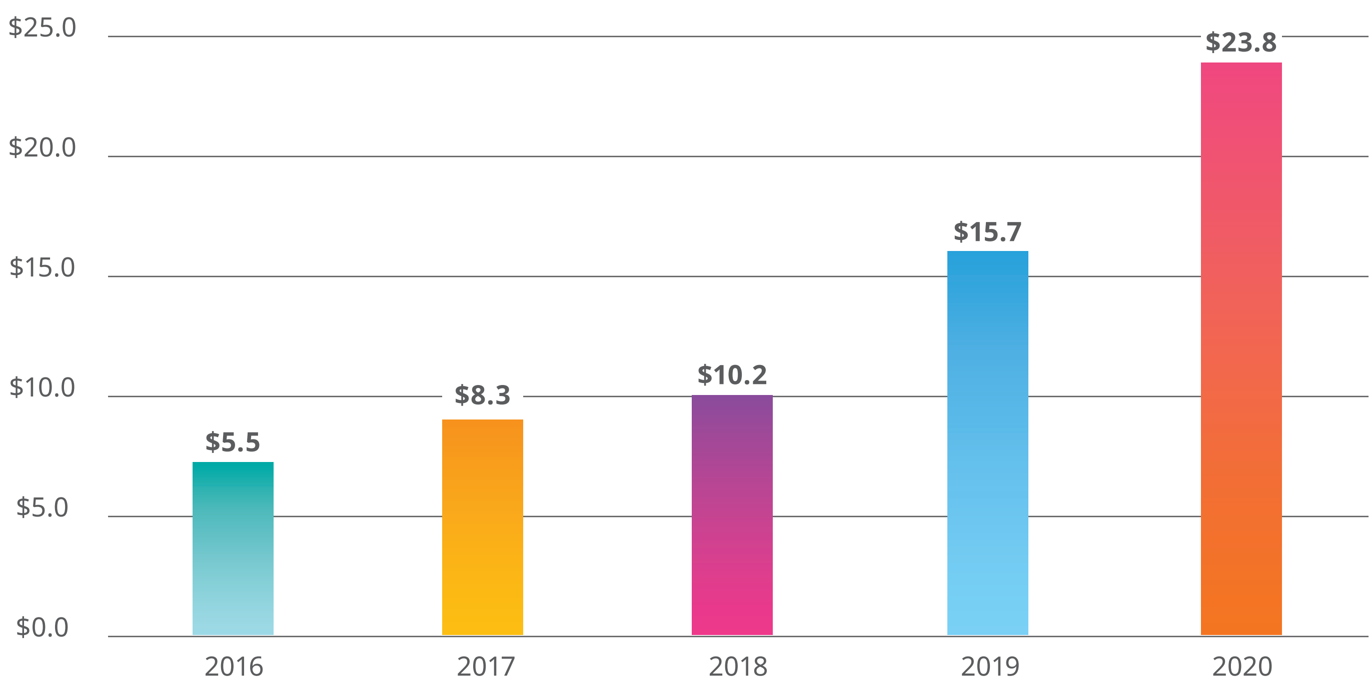
Assistant Director, Technology Consulting at Marsh McLennan Agency

Why financial advisers should recommend HSAs

Stay in front of the trends

Just like any business, financial advisers are looking for ways to differentiate themselves too. Getting out in front of HSAs as premier retirement-planning vehicles is one way to do just that. HSA investment assets have been steadily growing for years,[33] so now is a great time for financial advisers to encourage participation in them. It's also important for HSA assets to be reviewed as part of a retirement-planning assessment along with 401(k) assets, IRA assets, and other accounts.

Total HSA Investment Assets (in Billions)



Whet the appetite

Oftentimes, financial advisers encourage participation in a retirement account to put people on the path to their goals. In the case of an HSA, the participation piece might already be there; it's just a matter of encouraging them to use the HSA they're already participating in differently than they're used to. Once they've transformed their HSA behavior and see they're on track to reaching their healthcare retirement goals, they'll feel even more empowered and confident to enroll in other retirement accounts.

Builds trust

Financial advisers are relied upon to help individuals achieve the retirement of their dreams. That's a big deal! And it's very much a personal journey. Trust is key. By suggesting HSAs as a premier retirement-planning tool, it shows you care. It builds trust. And it solidifies the bond between the financial adviser and anyone seeking their advice.

[33] https://www.devenir.com/wp-content/uploads/2019-Year-End-Devenir-HSA-Research-Report-Executive-Summary.pdf

Conclusion

Setting aside $350,000 or more for retirement healthcare costs can seem daunting to your employees and their families. And that's just one type of retirement cost your employees will encounter once they're ready to settle down and enjoy their golden years. However, reaching these goals is much more achievable when taken step-by-step. After all, it's not about saving $350,000. It's about reaching $350,000 by setting aside funds, putting those funds to work, and staying focused on the goal. A little bit each paycheck goes a long way when you consider the tax savings over time.

HSAs are the perfect retirement-planning tool to do just that because they:

- Are easy to contribute to. Employees can do so with paycheck deductions.
- Boast the same investing potential of a 401(k) or IRA.
- Provide comfort in knowing, if a healthcare emergency happens, there's a tax-free balance that can be tapped into.

If you take one thing away today, we hope it's that your messaging matters. By adjusting your HSA message during open enrollment and throughout the plan year, you can make a real difference in your employees' retirement planning. And doing so will not just help them, but has been proven to have a downstream impact that will help your business, too.

MarshMcLennan Agency

About MMA

Marsh McLennan Agency (MMA) provides business insurance, employee health & benefits, retirement, and private client insurance solutions to organizations and individuals seeking limitless possibilities. With over 8,000 colleagues and 160 offices across the United States and Canada, MMA combines the personalized service model of a local consultant with the global resources and expertise of the world's leading professional services firm, Marsh McLennan (NYSE: MMC). MMA generates more than $2 billion in annualized revenue, making it one of the largest brokerage operations in North America. For more information, visit www.MarshMMA.com.

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