### **HSA as a second 401(k)**

### Newsletter

**Invest in your retirement goals with an HSA**

**Start saving for retirement**

Think of your HSA like another 401(k). Make pre-tax contributions now, then watch the earnings grow tax-free.1 You can even invest in low-cost mutual funds to potentially grow your savings faster.2

**Use your HSA in retirement**

Pay zero taxes on distributions when you use your HSA for qualified medical expenses. After age 65, pay ordinary income taxes on distributions you use to pay for everyday expenses—just like 401(k) distributions.3

**Comparing accounts**

Your HSA brings unique benefits you simply can’t get with a 401(k).

**HSA vs. 401(k)**

|  |  |  |
| --- | --- | --- |
|  | Health Savings Account | 401(k) |
| Contributions | 100% tax-deductible | FICA taxed |
| Earnings | Tax-free | Tax-free |
| Distribution for medical expenses | Tax-free | Taxed as ordinary income |
| Distribution for regular expenses | Taxed as ordinary income | Taxed as ordinary income |
| Required minimum distributions | No | Yes |

1HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state’s specific rules.

2Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund’s prospectus.

3After age 65, if you withdraw funds for any purpose other than qualified medical expenses, you will be subject to income taxes. Funds withdrawn for qualified medical expenses will remain tax-free.

HealthEquity does not provide legal, tax, or financial advice.