

## Hank enrolls in Medicare.

He can still use his health savings account.



This year, as Hank turns 65, he retires and enrolls in Medicare. The money he has saved for health care in his HSA provides peace of mind for this exciting new time in his life.

### Hank keeps his HSA after he retires.

For the past five years, Hank has been contributing the maximum amount allowed by the Internal Revenue Service (IRS) to his health savings account (HSA). This includes annual catch-up contributions allowed for account holders 55 and older until they are enrolled in Medicare. After he enrolls in Medicare, he can no longer contribute money to his HSA.

### Hank's savings from the past 5 years.

Year	Contribution limits	Catch-up contributions	Total contributions	Annual tax savings
2012	\$6,250	\$1,000	\$7,250	\$2,585
2013	\$6,450	\$1,000	\$7,450	\$2,805
2014	\$6,550	\$1,000	\$7,550	\$2,843
2015	\$6,650	\$1,000	\$7,650	\$2,880
2016	\$6,750	\$1,000	\$7,750	\$2,918
<b>Total</b>	<b>\$32,650</b>	<b>\$5,000</b>	<b>\$37,650</b>	<b>\$14,031</b>

### He uses his HSA to pay for Medicare premiums and qualified medical expenses.

When Hank retires, he can use his HSA funds income tax free to pay for Medicare premiums and qualified out-of-pocket expenses. This includes deductibles, copays and coinsurance for:

- Part A (hospital and inpatient care)
- Part B (doctor and outpatient care)
- Part D (prescription drugs)

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 Tax savings calculations assume a 25% federal rate, a 5% state rate, a 7.65% FICA rate in 2013-2016 and 5.65% FICA rate in 2012.

### His HSA offers financial flexibility.

After he retires, Hank can use the money in his HSA for household expenses without paying a penalty, but he must pay income tax on the withdrawals.

Once enrolled in Medicare, Hank can pay for medical supplemental insurance with his HSA, but he'll pay income tax on the withdrawals.

### His HSA is easy to manage.

Hank manages his HSA at **optumbank.com**. He uses his Optum Bank®, Member FDIC, Health Savings Account Debit MasterCard® to pay for qualified medical expenses and stores his receipts using the online receipt vault in case of an IRS audit.

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Visit **optumbank.com** to learn more about paying for qualified health care with an HSA.

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## The 5 Stages of Health Saving and Spending\*

DECIDE >> OPEN >> USE >> MANAGE >> OPTIMIZE

Good health is a journey. So is saving the money needed to pay for qualified medical expenses. We've identified stages account holders go through when owning a health savings account: Decide, Open, Use, Manage, Optimize.

Because he is optimizing his HSA, Hank falls into stage five of *The 5 Stages of Health Saving and Spending*: Optimize.

### Hank makes optimizing his account easy

With the wide range of tools and resources available at [optumbank.com](http://optumbank.com), Hank can get answers to his questions, find out how much he should be saving and more.



#### Receipt Vault

Stores and easily manages images of your qualified medical expense receipts from your smartphone, tablet or desktop.



#### Health Savings Checkup

Creates an action plan to help you save for health care costs in retirement.



#### Asset Allocation Calculator

Helps create a strategy to choose mutual funds when you are ready to invest your HSA.



#### HSA Investing Made Easy Webinar

Explains how you can invest your HSA dollars into mutual funds.

To learn more about the 5 stages, visit [optumbank.com/optumHSAstages](http://optumbank.com/optumHSAstages).

Investments are not FDIC insured, are not guaranteed by Optum Bank®, and may lose value.

\* Stages based on Optum Bank's proprietary The 5 Stages of Health Saving and Spending.

While Hank's story may best represent the Optimize stage, many of his experiences may apply to the other four Stages of Health Saving and Spending as well.

1. Employee Benefit Research Institute. "Amount of Savings Needed for Health Expenses for People Eligible for Medicare: Good News Not So Rare Anymore," and "IRA Asset Allocation, 2012, and Longitudinal Results, 2010-2012." Vol. 35, No. 10. October 2014. Available at: [http://www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_10\\_Oct-14\\_Svgs-IRAs.pdf](http://www.ebri.org/pdf/notespdf/EBRI_Notes_10_Oct-14_Svgs-IRAs.pdf).

Hypothetical example is for illustrative purposes only. All events, persons and results described herein are entirely fictitious and amounts will vary depending on your unique circumstances.

Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility and restrictions, including but not limited to restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment and restrictions. Federal and state laws and regulations are subject to change.



### How much will you need for health care costs during retirement?

According to the Employee Benefit Research Institute, if you want a 90 percent chance of having enough money saved to cover your health care expenses during retirement, you'll need \$116,000 if you're a man or \$131,000 if you're a woman.<sup>1</sup>

## 55+

### 55 or Older?

Account holders who are 55+ can make "catch-up" contributions of an additional \$1,000 per year.



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