

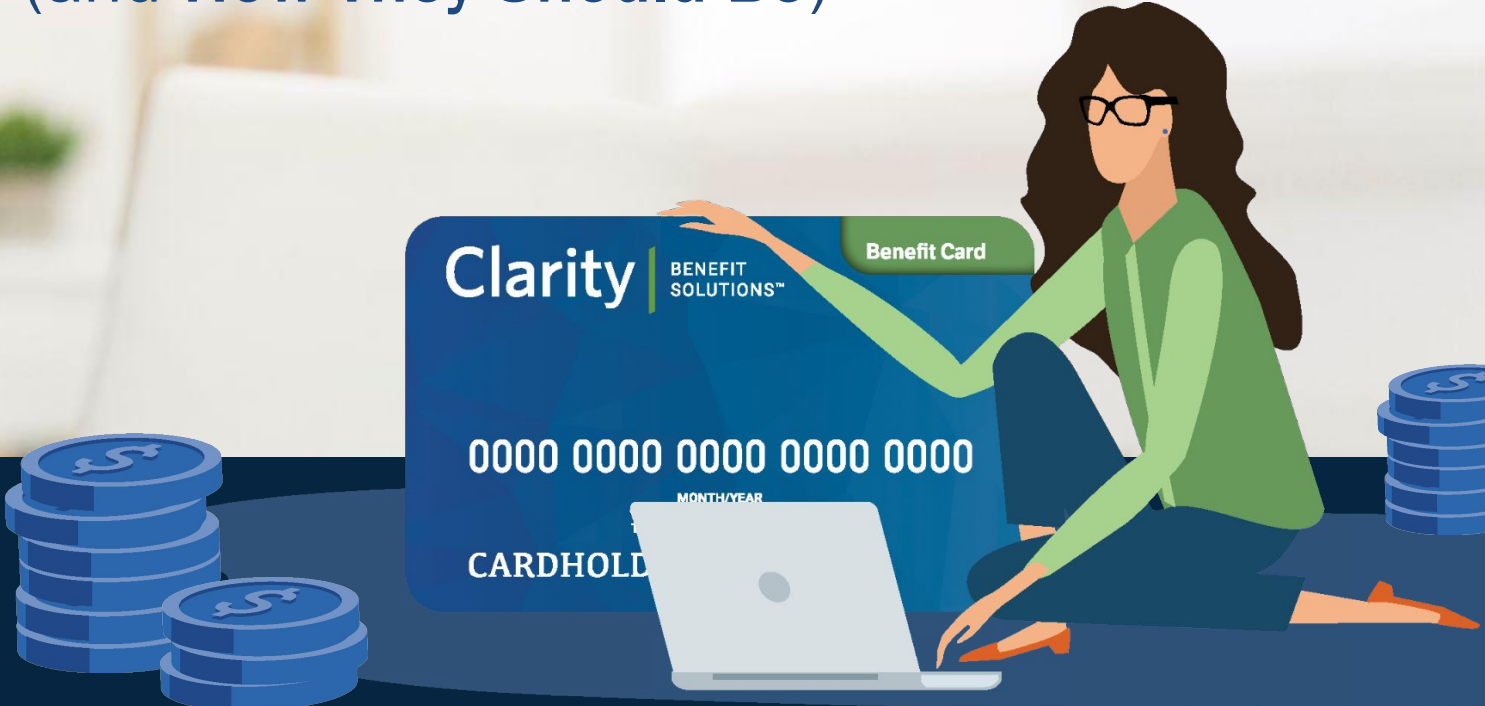


Clarity | BENEFIT SOLUTIONS™

THE HSA TODAY:

How People are Actually Using HSAs
(and How They Should Be)

WEBINAR
for Continuing Education





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But, first some housekeeping rules...

- To ensure the best viewer experience, we have **muted** all participants.
- If you have any questions related to content or technology, please use the **Q&A below the media player**.
- We will address any **questions you may have at the end** of the webinar.
- **Resources** including the presentation slides are located in the **content widget to the right of the slides**.
- There will be polls and audience questions posted throughout the session both on the slides and as pop-up widgets. **Please respond to as many as possible as this is needed for CE accreditation**.
- The webinar is being recorded, and we will **email all registrants a link to the recording** once it is finalized.
- You will receive your **CE credit and certificate 3-5 business days after the webinar** (assuming all requirements are met).

AGENDA

01

Importance of HSAs

02

What People Know
About HSAs

03

How People are
Using HSAs

04

Why It Matters

05

Conclusion &
Q&A



01

Importance of HSAs

PART I

THE GROWING IMPORTANCE OF OFFERING HSAs

01



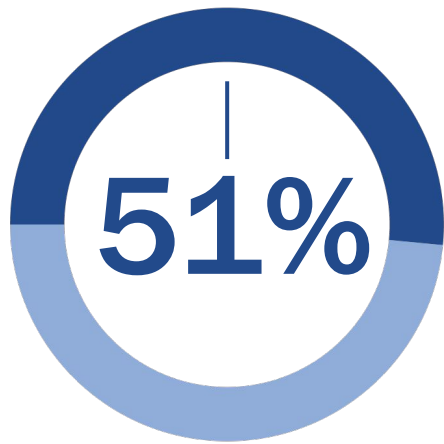
More employers are offering HSA-eligible plans.

38M

HSA's projected by 2024
(Devenir)

32M+

More employees have HSAs,
Up 8% at end of 2021 (Devenir)



of employers
now offer an
HDHP
(Gallagher 2019)





MORE MONEY IS BEING PLACED IN HSAs.



\$98.8B

in HSA assets
as of June 30, 2022



Up 6%

over previous year
(Devenir)

MORE PEOPLE MAY BE ELIGIBLE FOR HSAs IN THE FUTURE.

In 2022, Congress proposed legislation to expand HSA eligibility.

- ✓ H.R.7435 Health Savings for Seniors
- ✓ H.R.6507 Child Health Savings Account of 2022
- ✓ S. 2099 Health Savings Account Expansion Act of 2021



POLL QUESTION



**What % of Your Clients
Currently Offer an HDHP
with an HSA?**

- A. 76 – 100%
- B. 51 – 75%
- C. 26 – 50%
- D. 0 – 25%

Repercussions of the Great Resignation

478M

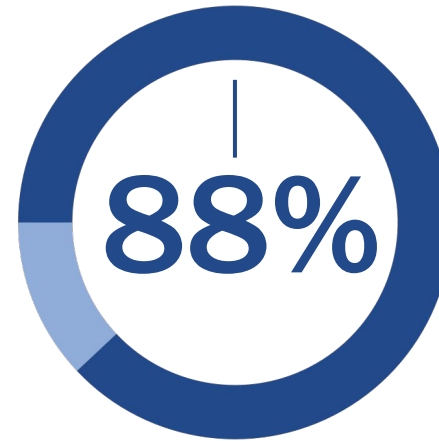
American workers quit their jobs in 2021

(Bureau of Labor Statistics)

2.7M

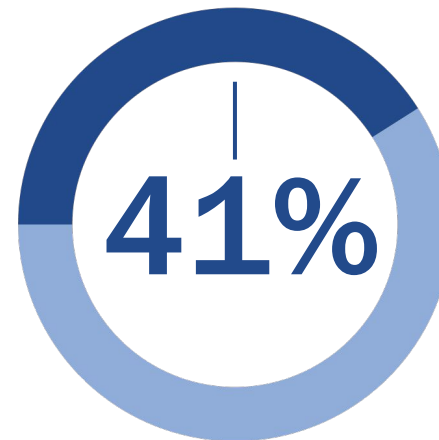
Americans 55 or older are contemplating retiring years earlier than planned because of the pandemic.

(BenefitsPro)



of companies are experiencing **higher turnover** than normal.

(PWC)



of US workers are actively searching or planning to **search for a new job** in the next few months.

(SHRM)



THE IMPORTANCE OF BENEFITS

BENEFITS ARE THE #2 REASON PEOPLE ARE LOOKING FOR NEW JOBS. (PWC)

90%

of employees ranked wanting quality healthcare benefits over a pay raise.

(SHRM)

98%

of HR leaders say their companies are expanding benefits offerings.

(Jellyvision)

77%

of employees said benefits were a key part of their compensation, up 10%.

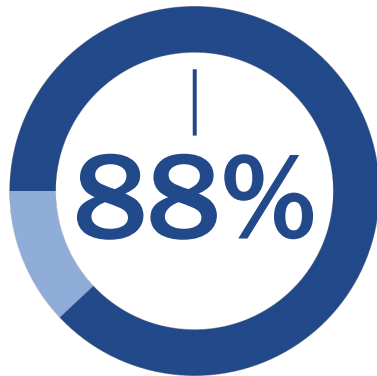
(Prudential)

THE IMPORTANCE OF HSAs

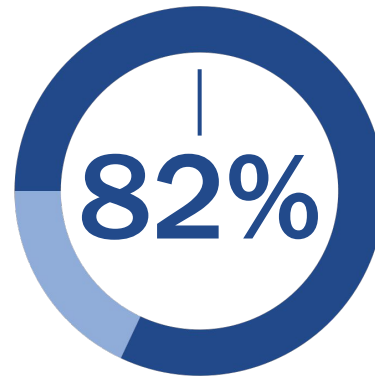
Tying Into a More Holistic Approach

Employers TOP 2 Most Important Types
of Benefits to Offer: (SHRM)

Health-related benefits



Retirement savings and
planning benefits



*“Convergence
Between
Retirement and
Benefits is Just
Beginning”*

- BenefitsPro

HSAs address 2 of the top employee concerns:
Their HEALTH & Their FINANCES



WHAT EXACTLY IS AN HSA?

A Health Savings Account is a type of savings account that lets you set aside money on a pre-tax basis to pay for qualified medical expenses.

(Healthcare.gov)

EMPLOYEES MUST BE COVERED BY A HDHP.

HSA funds can be used for:

- ✓ Copays, coinsurance and deductibles
- ✓ Doctor visits and hospital charges
- ✓ Prescription drugs
- ✓ Dental and orthodontics
- ✓ Vision care, glasses and contacts

02

What People Know
About HSAs

PART II

WHAT DO PEOPLE ACTUALLY KNOW ABOUT THEIR HSAs?

02



POLL QUESTION



How confident are YOU in your knowledge of HSAs?

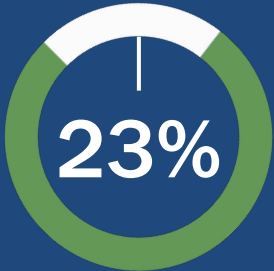
- A. Highly, Supremely, Awesomely confident.
- B. Hopefully, Somewhat, A-little-bit confident
- C. Hardly Sure-about Anything confident



HSA (LACK OF) AWARENESS



of HSA users say they would like to learn more about HSAs.
(Visa)



know little/nothing about their account.
(Visa)



1 out of 3 People enrolled in an HSA-qualified HSA have not opened an HSA.
(HRDailyAdvisor)

POP QUIZ



TRUE OR FALSE

1. HSA balances roll over from year to year.
2. HSAS are portable.
3. HSAs have annual contribution limits.
4. Anyone is eligible for an HSA.

POP QUIZ



HOW DID YOU DO?

1. HSA balances roll over from year to year. **TRUE**
2. HSAS are portable. **TRUE**
3. HSAs have annual contribution limits. **TRUE**
4. Anyone is eligible for an HSA. **FALSE**

What Makes HSAs Different?

TRIPLE TAX ADVANTAGES!!!

1. Tax-Deductible Contributions!
2. Tax-Free Interest AND Investment Growth!!
3. Tax-Free Withdrawals (for qualified medical expenses)!!!





3 KEY WAYS TO USE AN HSA



Spending



Saving



Investing

DO HSAs WORK WITH OTHER BENEFITS?

FSA's?

HRA's?

COBRA?

With the right plan design, YES!



HSAs & LIMITED PURPOSE FSAs

Applied for



Dental



Vision



FSAs



HSAs & “STACKED” HRAs

HRA can kick in after
HSA minimum deductibles met

2023 HSA-Qualified HDHP Minimum
Deductibles

Self-Only Coverage: \$1,500

Family Coverage: \$3,000



HRAs



HSAs & COBRA

With COBRA, HSA account holders can still use HSA funds, including for COBRA premiums.

If the COBRA elector is no longer on HDHP, they cannot continue to contribute to HSA.



COBRA



03

How People are
Using HSAs

PART III

HOW ARE PEOPLE ACTUALLY USING THEIR HSAs?

SPENDING | SAVINGS | INVESTING

03



POLL QUESTION

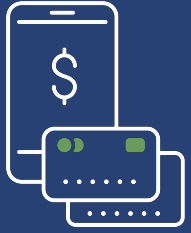


Which activity do you think is most prevalent among HSA holders?

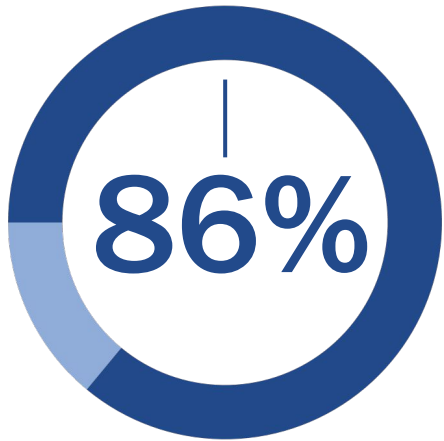
- A. Spending
- B. Saving
- C. Investing

Are people using their HSAs for
healthcare SPENDING?

YES!



HSA SPENDING STATISTICS/TRENDS



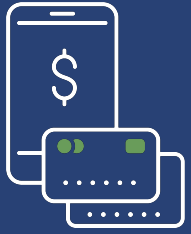
of HSA funds are used to pay medical expenses.
(BenefitsPro)

\$30B+

Withdrawn from HSAs in 2021 Up 2%
(Devenir)

\$95B/\$491B

In out-of-pocket healthcare expenses in 2021 were paid for with pretax dollars.
(Alegeus)

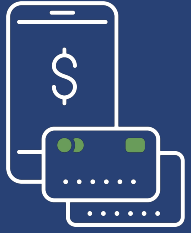


HSA SPENDING STATISTICS/TRENDS

Top Types of Purchases among HSA Users (Visa):

1. Doctor Visits: 71%, **up 7%**
2. Prescription Fills: 62%, **up 9%**
3. Dental Visits: 50%, **up 2%**
4. Vision expenses: 43%, **up 3%**
5. Hospital bills: 39%, **up 2%**
6. OTC Medicine: 29%, **up 3%**





HSA SPENDING STATISTICS/TRENDS

With CARES Act, OTC is now OK, including:

- ✓ Cold and Allergy
- ✓ Pain Relievers and Anti-Inflammatory
- ✓ Digestive Aids and Laxatives
- ✓ Sleep Aids
- ✓ Acne Treatments

Plus other everyday purchases, including:

- ✓ Sun Protection (SPF 15+)
- ✓ Tampons, Pads, Liners
- ✓ Baby Nutrition, Family Planning, Prenatal Vitamins
- ✓ Denture Products

THE NEED



53%



increase in out-of-pocket healthcare spending, 2006-2016

(IFEBP)

2X

increase in healthcare plan premiums over workers' earnings, 2008 to 2018

(Kaiser Family Foundation)

HOW HSAs ADDRESS THE NEED



HDHPs encourage more-informed consumer healthcare decisions.



HSA purchases are made with pre-tax dollars.



Equating to (depending on tax bracket) savings of 30% or more.



HSAs & FSAs

ALL THE SPENDING ADVANTAGES, WITHOUT “USE-IT-OR-LOSE IT.”

	HSA	FSA
Eligibility	Must be in HDHP	All employees (non-self employed)
Ownership	Employee	Employer
Tax-Free?	Yes	Yes
Funds Carryover?	Yes	Up to employer
Portable?	Yes	No
Qualified Expenses	Unreimbursed medical care expenses defined by IRC 213(d)	Unreimbursed medical care expenses defined by IRC 213(d)



HSA HACKS: HOW PEOPLE COULD SPEND MORE WISELY

- ✓ Save Those Receipts!
- ✓ Prescription Discount Programs
- ✓ Everyday Purchases

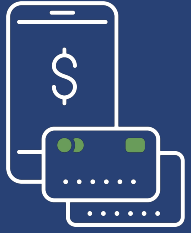


HSA FEATURES TO LOOK FOR TO FACILITATE SPENDING

- Smart Debit Card and Mobile App
- Automated Claims and Reimbursement
- Advance Funding Option

Are people using their HSAs for saving?

KINDA!



HSA SAVING STATISTICS/TRENDS

\$42B

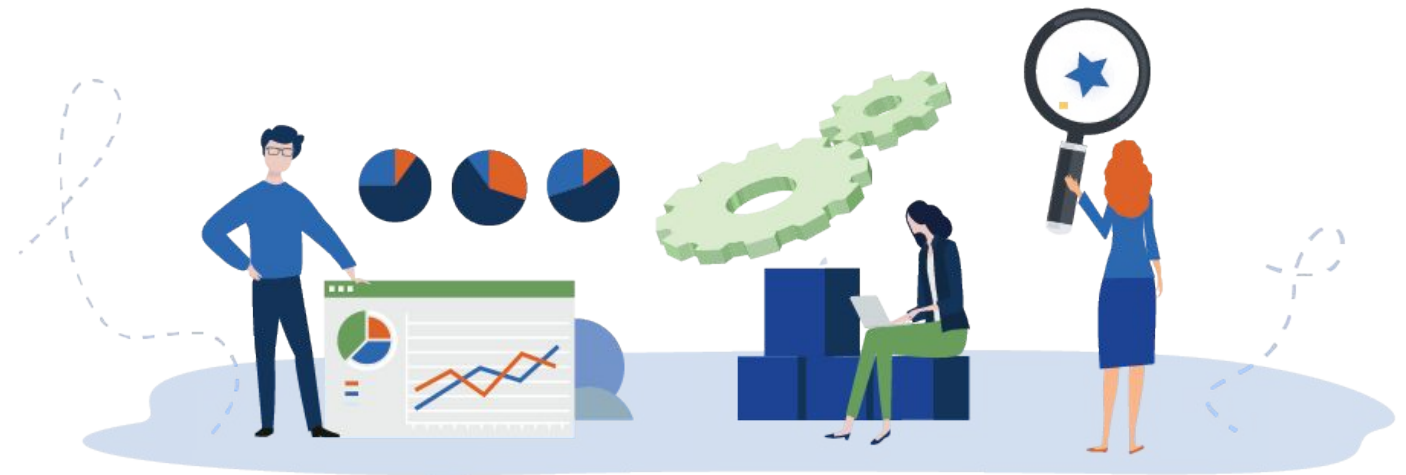
Contributed to HSAs
in 2021 (Devenir)

\$31B

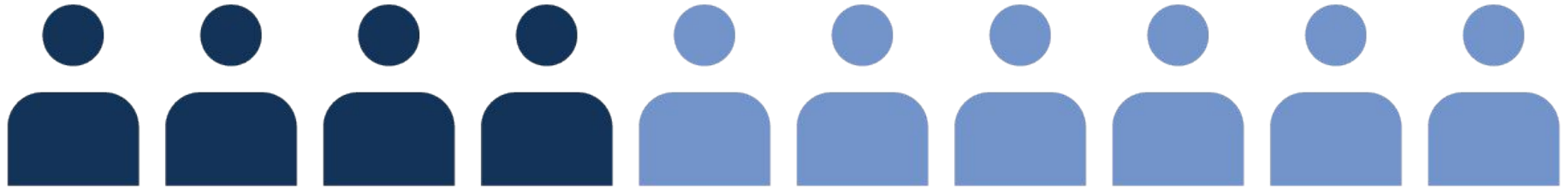
Withdrawn from HSAs
in 2021 (Devenir)

\$1,646

Average annual HSA
contribution (Devenir)



THE NEED



4 out of 10 US adults have delayed or gone without medical care in the last year due to cost.

(KFF)

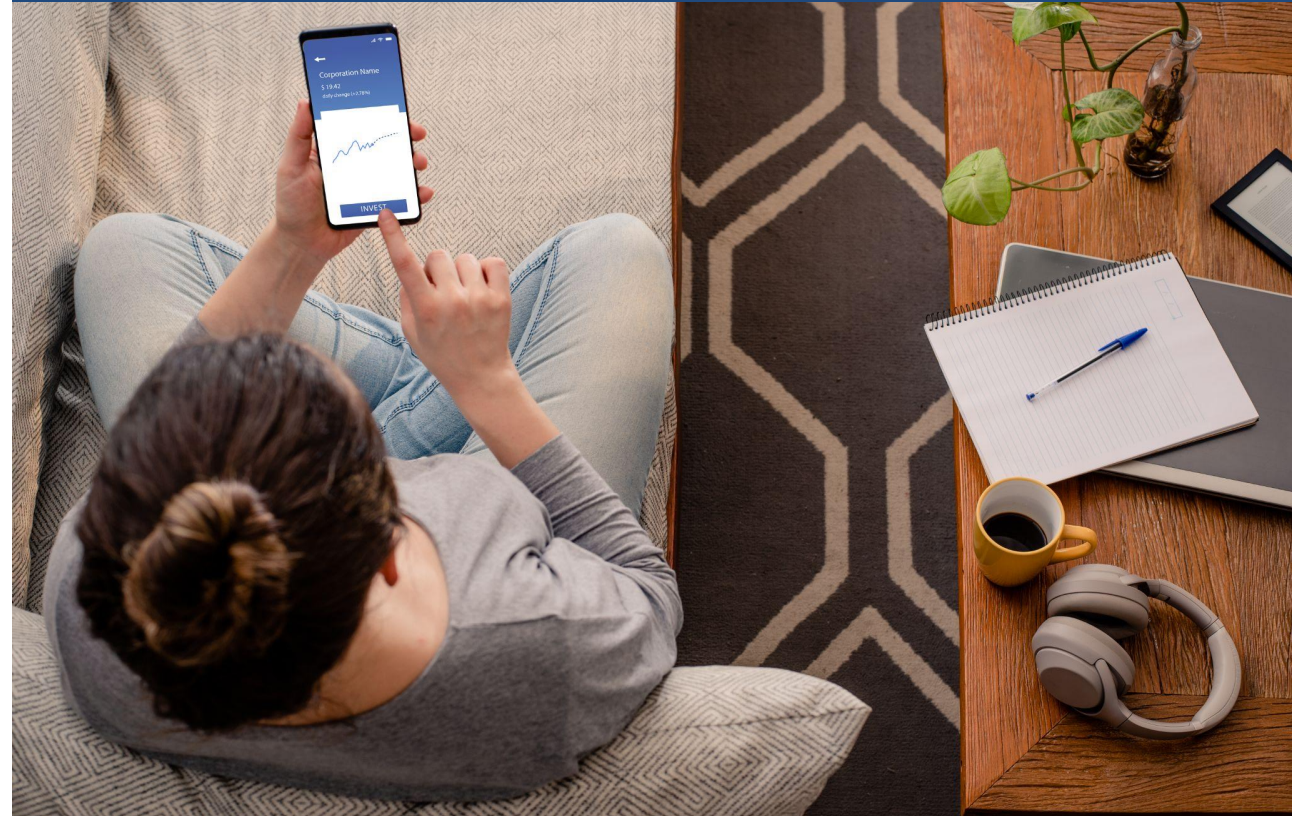


6 out of 10 US adults worry about affording unexpected medical bills.

(KFF)

HOW HSAs ADDRESS THE NEED

- ✓ Created to encourage saving.
- ✓ Tax-free interest earned.
- ✓ No minimum distributions.
- ✓ Funds roll over year-to-year.
- ✓ Portable from job to job.
- ✓ Accounts owned by employee, not employer.



HSAs & TRADITIONAL SAVING ACCOUNTS

TAX-ADVANTAGE VEHICLE FOR HEALTHCARE EXPENSES

	HSA	Regular Savings Accounts
Tax-Free Interest?	Yes	No
Tax-Free Deposits?	Yes	No
HDHP Required?	Yes	No
Withdrawal Restrictions?	Qualified medical expenses	No
Deposit Limits?	Yes	No



HSA HACKS: HOW PEOPLE COULD SAVE MORE WISELY

Make the maximum
contribution yearly.

2023 HSA Contribution Limits

- **\$3,850** self only
- **\$7,750** family

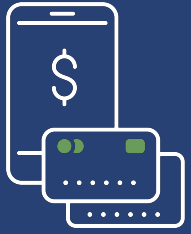


HSA FEATURES TO LOOK FOR TO FACILITATE SAVING

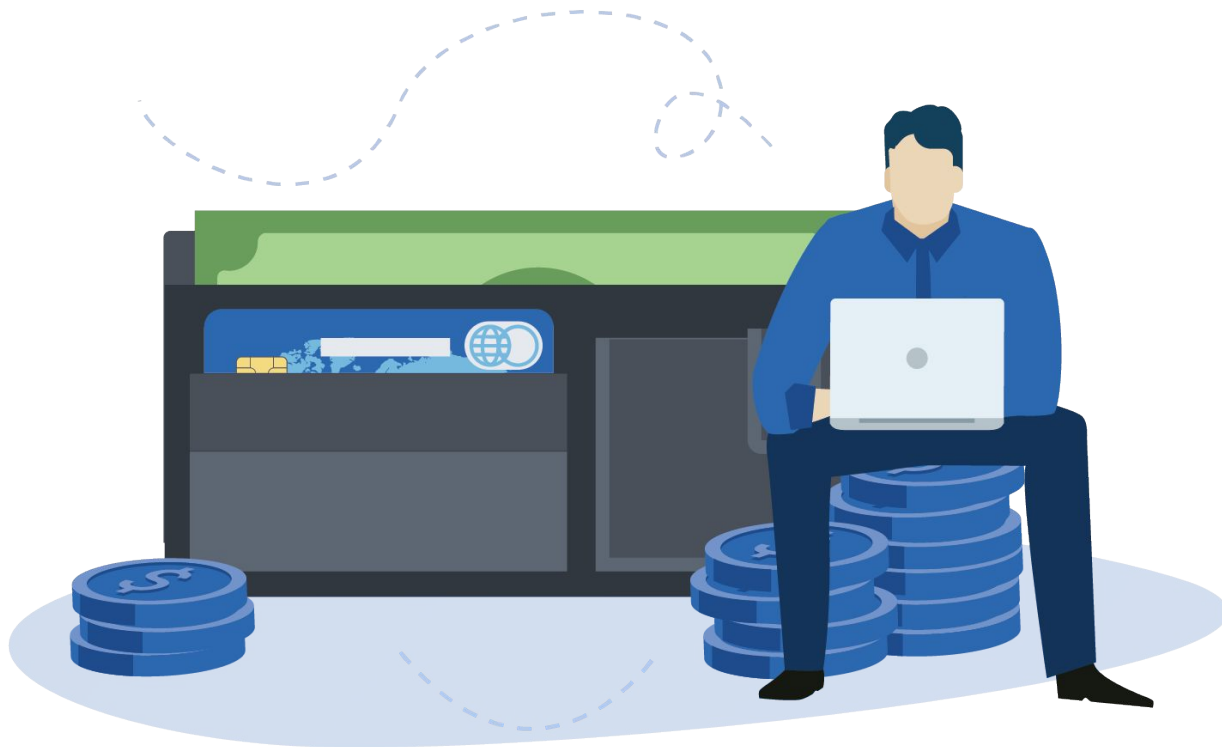
- High-Yield Interest Options
- Single Platform Track Spending, Saving, Investing

Are people using their HSAs
for investing?

NOT REALLY!

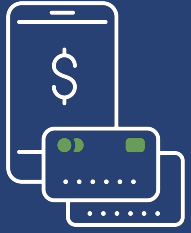


HSA INVESTING STATISTICS/TRENDS



Only **7%** of HSAs have a portion of their dollars invested. (Devenir)

The most under-utilized activity of HSAs.



HSA INVESTING STATISTICS/TRENDS

\$19,224

Average total balance (deposits and investments combined) for HSA investment accounts. (Devenir)

7.3X

Higher balance than non-investment holder accounts. (Devenir)

\$34.4B

In total HSA investment at the end of 2021, a 45% increase. (Devenir)

However, it is the fastest growing activity.
And involves accounts with the highest balances.

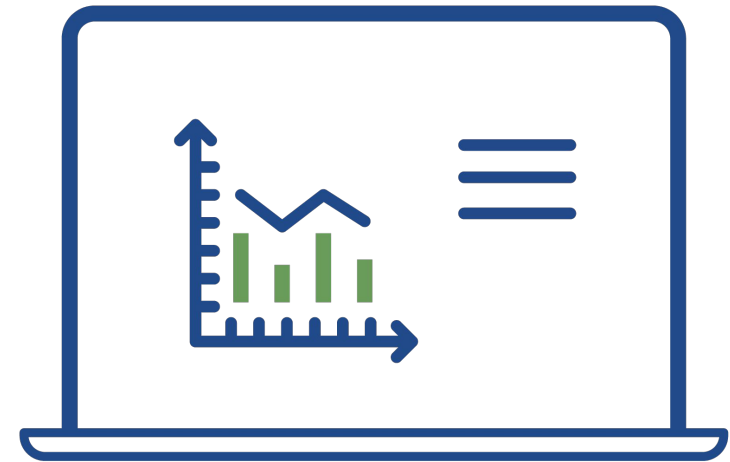


THE NEED

\$350K

Amount a retiring couple,
both 65, need to set aside
for healthcare costs.

(Employee Benefit Research Institute)



HOW HSAs MEET THE NEED

- ✓ Unique tax advantages to encourage investment.
- ✓ No taxes on investment earnings.
- ✓ No taxes on investment withdrawals (for eligible medical expenses).



HSAs & 401(k)s

HSAs CAN BE AN IMPORTANT COMPLEMENT TO 401(k)s.

	HSA	401(k)s
Tax-free contributions?	Yes	Yes
Tax-free distributions?	Yes (on qualified expenses)	No
2023 Contribution Limits	\$3,850– self \$7,750 – family	\$22,500



HSA HACKS: HOW PEOPLE COULD INVEST MORE WISELY

- ✓ Make the maximum contribution.
- ✓ Minimize spending and focus on investing funds.
- ✓ Save enough cash to cover deductible and invest the remainder.



HSA FEATURES TO LOOK FOR TO FACILITATE INVESTING

Choice of Investment Models for
Different Types of Investors

- Fractional Trading Capability
- Exchange Traded Funds
- Easy, Intuitive Trading

Why Aren't People Investing More?

Financial Constraints

56%

of Americans can't cover a
\$1,000 emergency
expense with savings.

(Bankrate)

Lack of Understanding

35%

of employees admit they
DON'T FULLY UNDERSTAND
their employee benefits.

(Voya)

04

Why It Matters

PART IV WHY IT MATTERS?

HOW FULL HSA USAGE BENEFITS:
EMPLOYEES | EMPLOYERS | BROKERS

04



HOW FULL HSA USAGE BENEFITS EMPLOYEES.



Tax-advantaged savings on healthcare
– now and in the future.

More active involvement in managing
their healthcare.

HOW FULL HSA USAGE BENEFITS EMPLOYERS.



Attract talent and decrease turnover.

Encourage employee wellbeing,
productivity, satisfaction.

Employer contributions exempt from
FICA taxes.

HDHP savings.

HOW FULL HSA USAGE BENEFITS **BROKERS.**



HSAs are a key compliment to HDHPs

Employee satisfaction is a key factor in plan renewal.

POLL QUESTION



How Aware are Your Existing and Potential Clients About the Uses of HSAs?

- A. Not Very Aware
- B. Somewhat Aware
- C. Extremely Aware



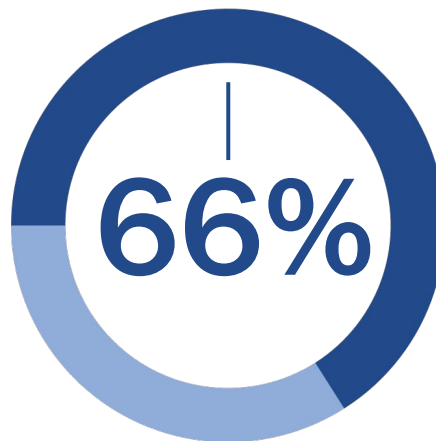
HSAs: HELP SUPPORT AWARENESS

Fewer than

30%

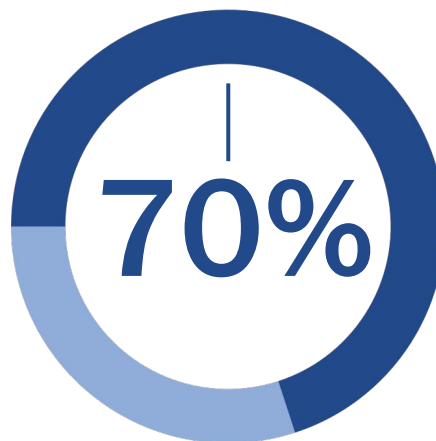
of employers position HSAs as a retirement savings vehicle.

(BenefitsPro)



of employees want their employer to help them better **UNDERSTAND** their benefits.

(Voya)



of employers believe employees **UNDERUTILIZE** their benefits.

(The Hartford)

05

Conclusion &
Questions

Questions?

05



You've made it this far...

CE credit is on the way!

Thank you.

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