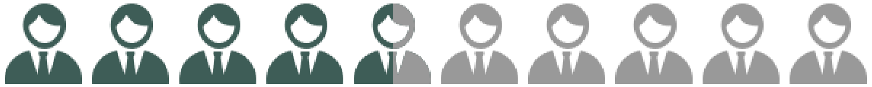
Presented to: Millard Public Schools
Date: 11/21/19

Retirement Savings Gap

A 65-year-old couple retiring today will need **$404,250 to cover total lifetime healthcare costs.**[1]
(premiums, copays, deductibles, and all other out-of-pocket costs)

$100 TRILLION

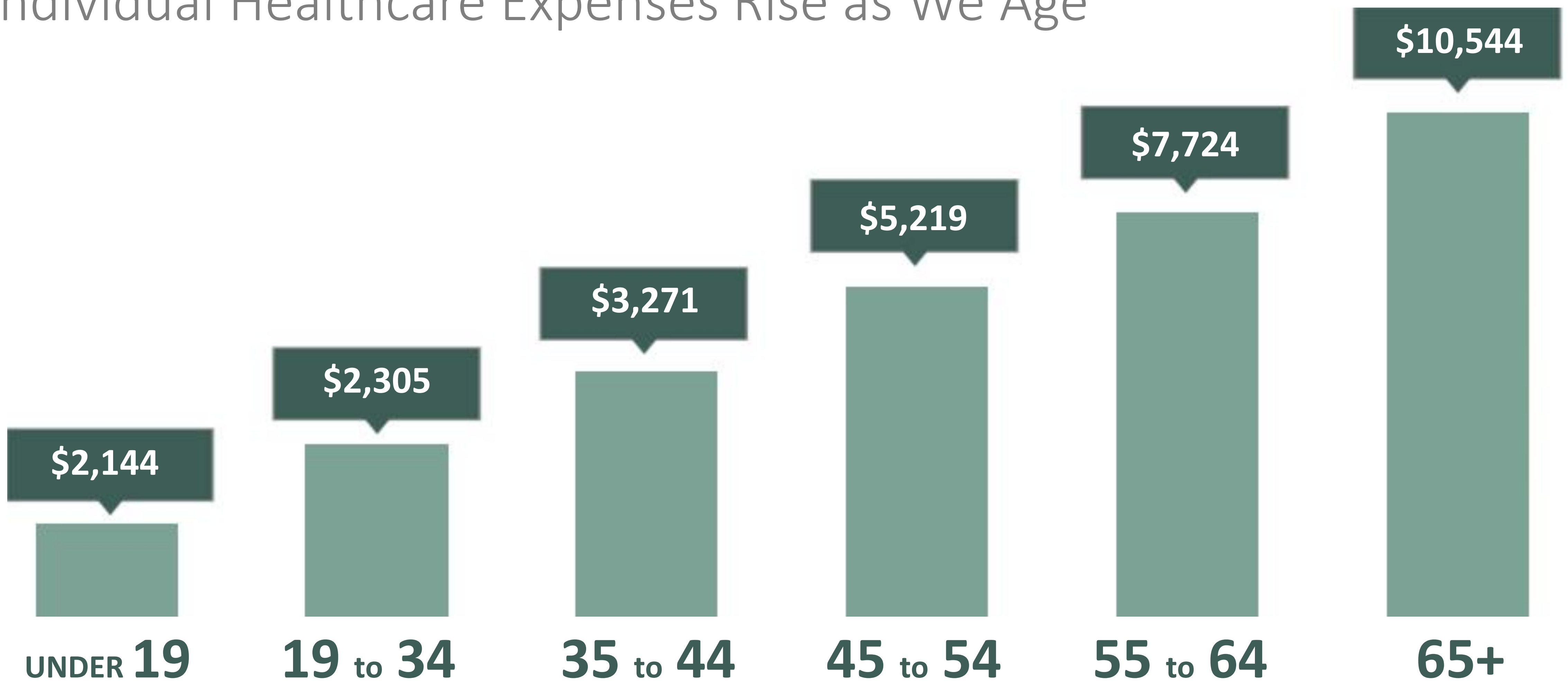
The retirement savings gap in the U.S. could top **$100 trillion by 2050**.[2]



45% of workers are not confident that they will have enough money to cover medical expenses in retirement.[3]

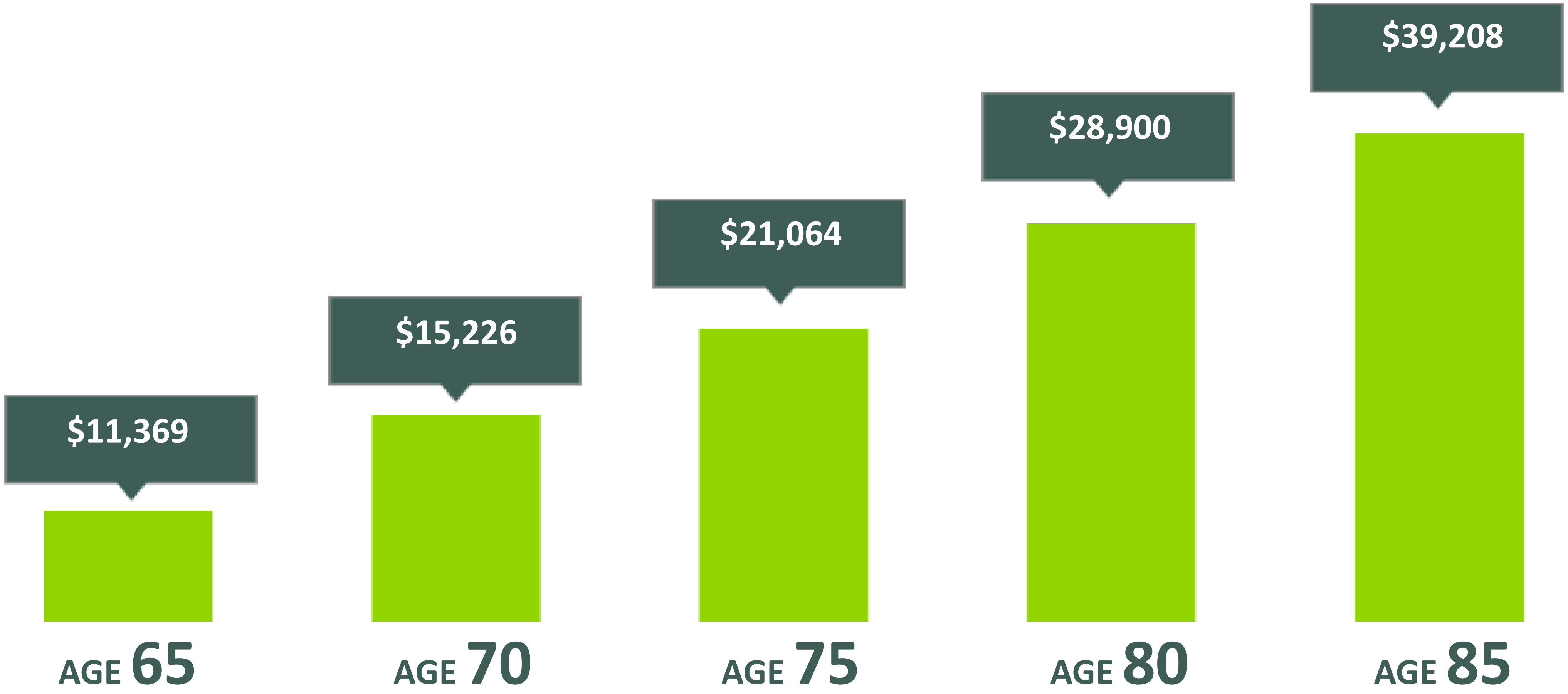
[1]"2017 Retirement Health Care Costs Data Report." *Health View Services*. June 2017. *Health View Services.* 18 July 2017. http://www.hvsfinancial.com/PublicFiles/2017_Retirement_Health_Care_Costs_Data_Report_FINAL_6.13_V2.pdf
[2]"We'll Live to 100 – How Can We Afford It?" *World Economic Form.* May 2017. *World Economic Form.* 18 July 2017. http://www3.weforum.org/docs/WEF_White_Paper_We_Will_Live_to_100.pdf
[3]"2017 Retirement Confidence Survey." *Employee Benefit Research Institute.* 2017. *Employee Benefit Research Institute and Greenwald & Associates.* 18 July 2017. https://www.ebri.org/pdf/surveys/rcs/2017/RCS_17.FS-1_Conf.Final.pdf

Individual Healthcare Expenses Rise as We Age



Sawyer, Bradley. "While health spending increases throughout adulthood for both men and women, spending varies by age." *Peterson-Kaiser Health System Tracker.* May 4, 2017. *Peterson-Kaiser Health System Tracker.* 18 July 2017. http://www.healthsystemtracker.org/chart/health-spending-increases-throughout-adulthood-men-women-spending-varies-age/#item-start

Average Annual Healthcare Expenses in Retirement



Note: A couple's average health care expenses for five-year periods in retirement. Amounts are expressed in future dollars.

"2017 Retirement Health Care Costs Data Report." *Health View Services*. June 2017. *Health View Services.* 18 July 2017. http://www.hvsfinancial.com/PublicFiles/2017_Retirement_Health_Care_Costs_Data_Report_FINAL_6.13_V2.pdf

Retirement Savings Today

Among households age 55 and older…

29% have no retirement savings

23% have a defined benefit plan, but no retirement savings

48% have some retirement savings

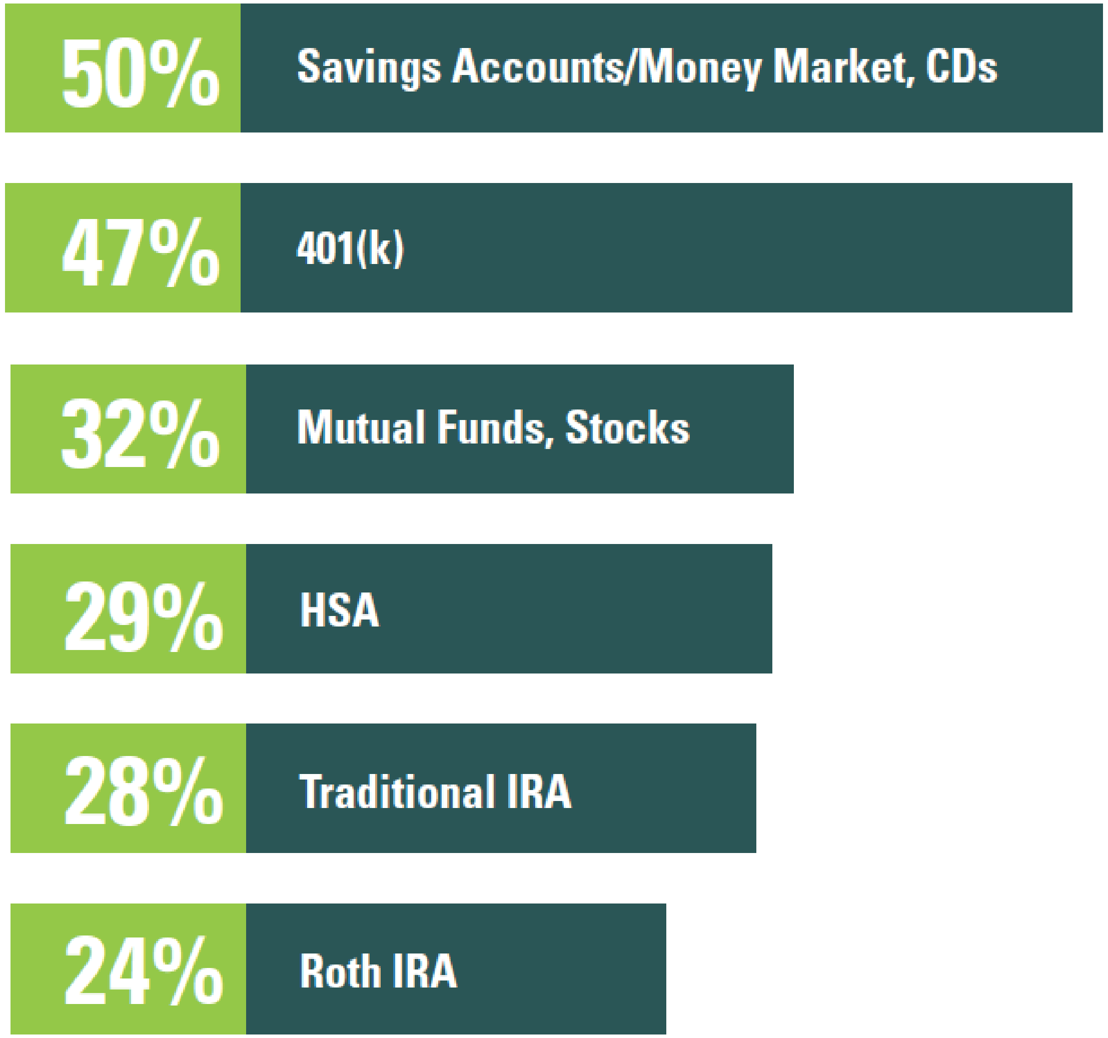
"Most Households Approaching Retirement Have Low Savings." *United States Government Accountability Office*. May 2015. *United States Government Accountability Office*. 18 July 2017. http://www.gao.gov/assets/680/670153.pdf

Retirement Savings Today

HSAs are a cost-effective way to pay for healthcare expenses, yet not widely used.

Our data shows that today's consumers are more likely to save for retirement healthcare expenses using savings accounts, 401(k)s and investments before an HSA. Influenced by both the familiarity of more traditional savings vehicles and inexperience with the HSA model, this approach does not enable consumers to maximize their savings since these savings vehicles are all subject to income tax. With an HSA, consumers won't pay income tax on these funds if used for IRS-qualified medical expenses. This includes any interest, dividends, or capital gains from investments.*

ACCOUNTS USED TO SAVE FOR HEALTHCARE EXPENSES IN RETIREMENT



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Retirement Savings & HSAs

When it comes to healthcare expenses in retirement, Health Savings Accounts (HSAs) are an effective tool for maximizing savings. That's because HSAs offer individuals and families the only triple-tax advantaged account available:*

1 | Contributions made to an HSA are tax deductible or pretax if made through a payroll deduction.

2 | Account growth, including interest earned and investment gains, is tax free.

3 | Withdrawals are tax free when used for IRS-qualified medical expenses.

While HSAs offer a significant advantage over traditional retirement options, findings from an HSA Bank survey indicate that consumers are not aware of how much they should be saving, and are not leveraging these accounts to their full potential.

Retirement Savings, HSAs, and Investments

HSA Bank provides unique opportunities to invest Health Savings Account (HSA) funds in self-directed investment options.[1] It's a great way to potentially grow HSA funds for healthcare expenses, or save funds as a nest egg for retirement.

Devenir Guided Portfolio Self-Directed Investment Program[2]:

Offers low-cost, no-load mutual funds, covering a range of asset classes.

- HSA Guided Portfolio tool used to select investment elections and realign your portfolio
- Auto-Rebalance timing feature to keep your portfolio allocation in line with your individual needs
- Quarterly performance review of mutual fund selections by SEC-registered investment advisors
- Online access to investment account history, balance information, future elections, trades, and much more through HSA Bank's Member Website
- Access to Morningstar® pages, funds fact sheets, and prospectuses
- Devenir will charge a quarterly asset based fee which is calculated on the amount invested and deducted pro rata from the investment account; no commission on investment trades

TD Ameritrade Self-Directed Brokerage Option:

Offers a wide selection of investment choices, educational resources, and services.

- Stocks, bonds, ETFs, and thousands of mutual funds (trading fees apply)
- Online access to real-time data[3], customizable charts, and one-click integrated trading
- Integrated, online access to trading, balance information, and much more through HSA Bank's Member Website
- Ability to place trades by website, telephone, mobile device, and broker
- Access to independent research tools, such as S&P and Morningstar®
- Trading fees may be applied by TD Ameritrade; additional fees vary by program, location or arrangement

[1] You may begin investing once you have a minimum of $1,000 in your HSA Bank cash account. Only HSA funds above $1,000 in your HSA Bank cash account can be transferred to your investment account.

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What Do I Need To Know About Investing In My HSA?

Your HSA investment earnings grow without being taxed. If you use the funds to pay for eligible healthcare expenses, distributions are also tax-free.*

You can move your HSA investment funds back into your HSA Cash Account at any time to pay for your current IRS-qualified healthcare expenses.**

*Federal Tax savings are available no matter where you live. However, HSAs may be subject to state taxes. Please consult your state department of revenue and/or your tax professional for tax-related questions. HSA Bank does not provide tax advice. Carefully consider the investment objectives, risks, charges and expenses before investing. A prospectus contains this and other important information about an investment company. Read carefully before investing.

**Fees may apply to transfers from investment funds. Please review the disclosures provided by TD Ameritrade and Devenir, and the fund prospectus, for fee information.

Retirement Savings & HSAs in the News

"HSA and Retirement: How to Use Your Health Savings Account" - *Ameritrade*, August 19, 2019
"Consider using your regular accounts to pay current health care expenses," Vipond said. "Save all your receipts until you're in retirement or need the money. Then you can withdraw the money all at once, based on your previous health care spending."

"Try This If You Are Maxing Out Your 401(k)" - *Newsmax Finance*, September 20, 2019
But here's where it gets fun. No one says you have to spend the money. You can leave the cash in the HSA account and invest it in stocks, bonds and other investments. Once you turn 65, you can take the funds out for non-medical purposes penalty free.

"This triple tax-advantaged account might beat your 401(k) plan" - *CNBC*, September 18, 2019
Contribute at least enough to get the match on your 401(k). Save at least enough in your HSA to meet your annual deductible. Got extra dollars to save, max out your HSA.

"55% of Older Workers Are Missing Out on This Key Savings Opportunity" - *The Motley Fool*, September 18, 2019
If you're eligible to participate in an HSA, doing so could be your ticket to more manageable healthcare costs during your golden years. And if you *don't* take advantage of this key savings opportunity, you'll likely regret it down the line.

"Gender Differences When Planning For Retirement" - *Forbes*, October 10, 2019
Women are outliving men by an average of five years, so not only are their retirement resources likely to be less, they also have to stretch their savings to last far longer.

Health Savings Accounts and Medicare

own your health®

Health Savings Accounts and Medicare

Turning 65 and Planning on Postponing Medicare Coverage?

- IRS rules state that you cannot contribute to a Health Savings Account (HSA) if you are enrolled in Medicare. You can take distributions of your existing HSA funds, but you cannot add to the account.
- If you are enrolled in Medicare, you can use your existing funds to pay for IRS-qualified medical expenses, including Medicare premiums, even though you are no longer HSA-eligible. You can reimburse yourself for the Medicare premium deducted from your Social Security payments.
- If you are still working at age 65, and wish to continue making contributions to an HSA, it will be necessary to postpone enrollment in Medicare.
- It will also be necessary to delay the start of your Social Security benefits.

Health Savings Accounts and Medicare.
A Few Considerations.

- When you apply for Social Security benefits, the Social Security Administration automatically enrolls you in Medicare Part A on the later of when you reach age 65 or begin your Social Security benefits. To avoid automatic enrollment in Medicare, you must also postpone Social Security.
- If you delay your Social Security benefits beyond your full retirement age (66 or 67 for most of us), your benefits will increase by about 8% per year until you reach age 70.
- Whether it makes sense to delay receipt of Social Security benefits and enrollment in Medicare so you may continue to contribute to an HSA will depend on your personal and financial situation (For example, it may make sense to delay Social Security and receive higher payments if you think you will live longer than average).
- We recommend that you work with a financial planner, tax or legal professional familiar with Medicare and Social Security rules.

Health Savings Accounts and Medicare.
A Few Considerations.

- If you delay enrolling in Medicare, you may be subject to late enrollment penalties.
- The late enrollment penalties are waived if you have group health coverage through an employer with more than 20 employees.
- To avoid a late enrollment penalty under Medicare Part D (prescription drug coverage), your employer's plan must offer "creditable" prescription drug coverage. This means it must offer prescription drug coverage comparable to Medicare. Your employer should be able to tell you whether your health plan provides creditable prescription drug coverage.
- To be eligible to contribute to an HSA at age 65 and beyond, you remain enrolled in your employer's HSA-eligible high deductible health plan. If your spouse enrolls in Medicare, you may have to reduce your annual contributions from the family to the single limit.
- You can still make an extra "catch-up" contribution for each year in which you are enrolled.

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Health Savings Accounts and Medicare.
Retroactive Rules.

- When you finally enroll in Medicare after age 65, coverage under Part A will be effective retroactively for up to the preceding six months.
- This means that you are ineligible to contribute to an HSA in the final six months leading up to your enrollment in Medicare Part A.
- You should plan ahead and contribute less during the final year (or two, if the six month period spans two calendar years).
- Excess contributions are subject to a 6% penalty unless you remove them during the same calendar year.

Health Savings Accounts and Medicare.
Helpful Resources.

- The following resources are available to help you navigate the timing of coverage and benefits under Medicare and Social Security:
    - For information regarding Medicare and the postponement of coverage, contact Medicare at 1-800-MEDICARE or visit Medicare.gov.
    - For information regarding Social Security and the postponement of benefits, visit your local Social Security office, call 1-800-772-1213, or visit SocialSecurity.gov.
    - For information regarding whether you have "creditable" prescription drug coverage (to avoid late enrollment penalties under Medicare Part D), check with your employer, insurance company or plan administrator.

THANK YOU

Your Account Executive:

Joshua Gliniecki