Planning to retire early?

Make an HSA and the right health plan part of your financial strategy

If you're on the track to early retirement, you'll need to have a specific investment strategy in place. You'll also need to protect yourself from the high cost of health care until you're eligible for Medicare.

Why you'll need more than your employer-sponsored retirement savings account and a Roth IRA

Saving as much as you can into both your employer's 401(k) and a Roth IRA can definitely help you financially prepare for early retirement. But they likely won't be enough, since you'll have to pay a penalty on early withdrawals.

Adding a Health Savings Account (HSA) to your retirement strategy can help protect your finances and your health — today and years down the road.

How HSAs work

HSAs let you set money aside to cover unexpected medical bills and other health care costs. They're designed to work with high-deductible health plans, which typically have a lower monthly premium. You can contribute up to $3,400 each year, or $6,750 if you have a family health plan. And you can contribute an additional $1,000 if you're 55 or older.

You can use the funds in your HSA to pay for a long list of health care expenses. To see the full list of eligible expenses, visit **irs.gov/publications** and search for Publication 502.

Why HSAs are a smart retirement strategy

Here's how you can benefit from having an HSA:

- Unlike Flexible Savings Accounts (FSAs), your HSA contributions roll over from year to year, so you won't lose the funds in your account if you don't use them
- Once your balance reaches a specified amount, you can invest additional contributions, and your earnings are tax free
- You can continue building your HSA savings to cover medical costs when you retire
- Once you reach age 65, you can use the funds for purposes beyond medical expenses, penalty-free
- You'll save on taxes:
  1. Your HSA contributions may also reduce your taxable income or provide a tax deduction
  2. Funds you take out to pay for health care expenses aren't taxed
  3. Gains on your investments aren't taxed

Bridge the gap to Medicare with the right health plan

Individual and family health plans can provide important financial protection when you no longer have coverage through your employer and until you're eligible for Medicare at age 65. Here's what you need to know to choose the right plan for you.

High-deductible plans aren't for everyone

An HSA requires a high-deductible health plan. While these plans typically offer a low monthly premium and are compatible with an HSA, they aren't right for everyone. If you're managing a chronic condition or anticipate the need for surgery, a high-deductible plan could leave you paying thousands of dollars in out-of-pocket costs. You may be better off financially with a plan that offers a lower deductible in exchange for a higher monthly premium and broader protection from unexpected costs.

Look for a plan based on your health needs

You'll want to be sure that the health plan you choose will provide the coverage you need. Here are some things to consider as you shop and compare plans:

- **Out-of-pocket costs:** These are expenses like deductibles, copays and other fees you'll need to pay.
- **Doctors and clinics:** If you want to visit certain doctors and clinics, be sure they're included in the plan network. You'll pay more if you use doctors and clinics that are out of network.
- **Prescriptions drugs:** If you take medications, check the plan's list of covered drugs (formulary) to make sure your drugs are covered. If your drugs aren't on the list, you may end up paying the full cost.

UCare offers a range of individual and family plans that can help you bridge the gap to Medicare.

$ **Find out how to make an HSA and the right financial plan part of your early retirement strategy. Talk with your financial advisor today.**

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