

The logo consists of the text 'Fi360' centered within a white square border. The background of the entire image is a horizontal gradient from light orange on the left to dark red on the right.

Fi360

The HSA Opportunity for Retirement Advisors

Presenter: Pat Jarrett

Co-founder and Ambassador of Health Savings Administrators

Moderated by Blaine Aikin, Executive Director of Fi360

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- Health Savings Accounts
- Results-Driven 401(k) Plans
- Health Care Costs in Retirement
- Social Security



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HealthSavings
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The HSA Opportunity for Retirement Advisors

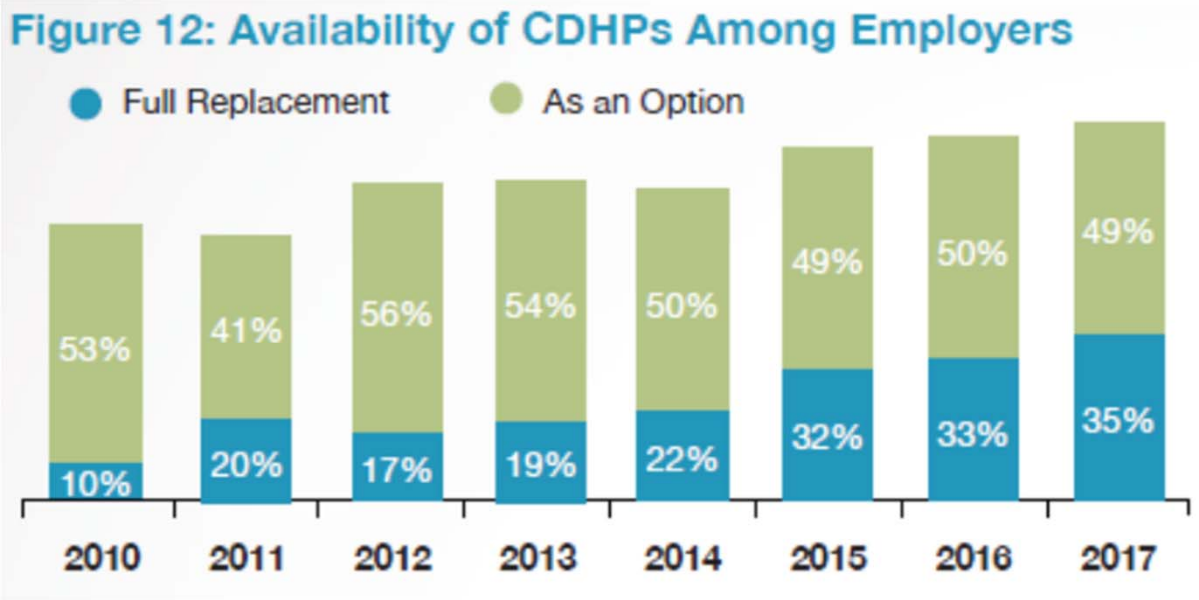
Evolution of Healthcare

"When you have your health, you have everything. When you do not have your health, nothing else matters at all."
"When you have your health, your health-care costs in retirement will be high. And when you do not have your health, those costs will be even higher."

Augusten Burroughs

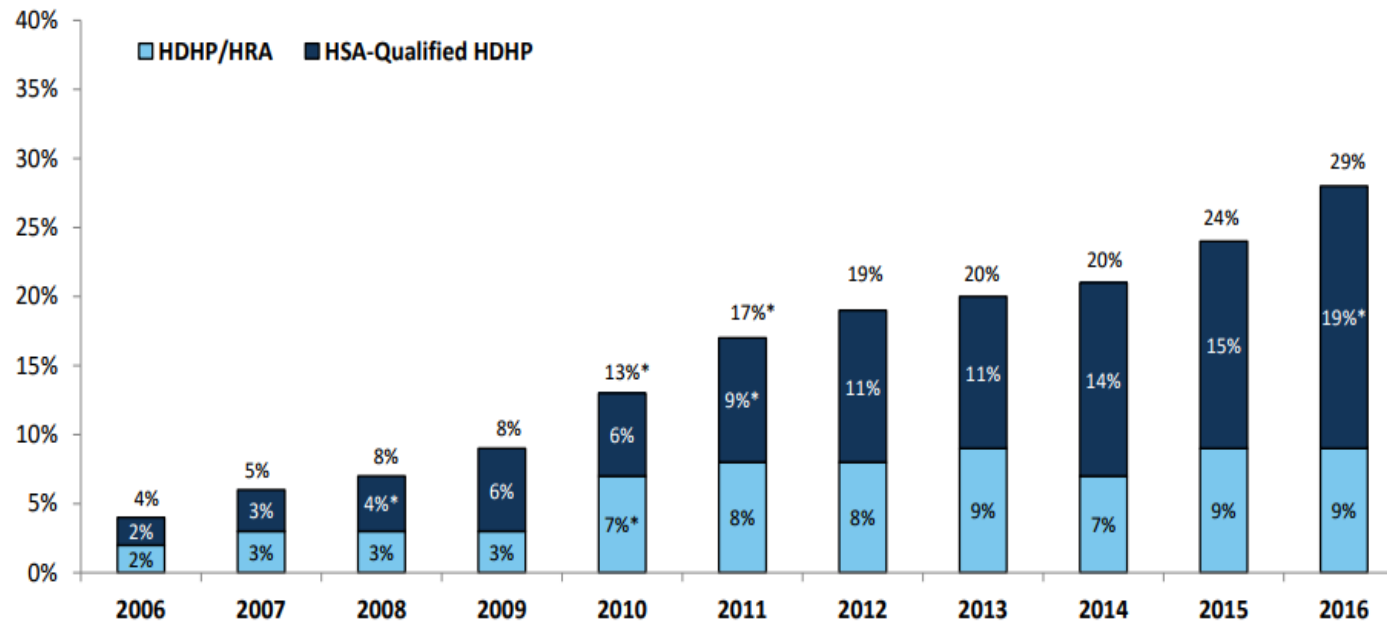
MarketWatch, May 29, 2017

Plan Sponsors & Higher Deductibles



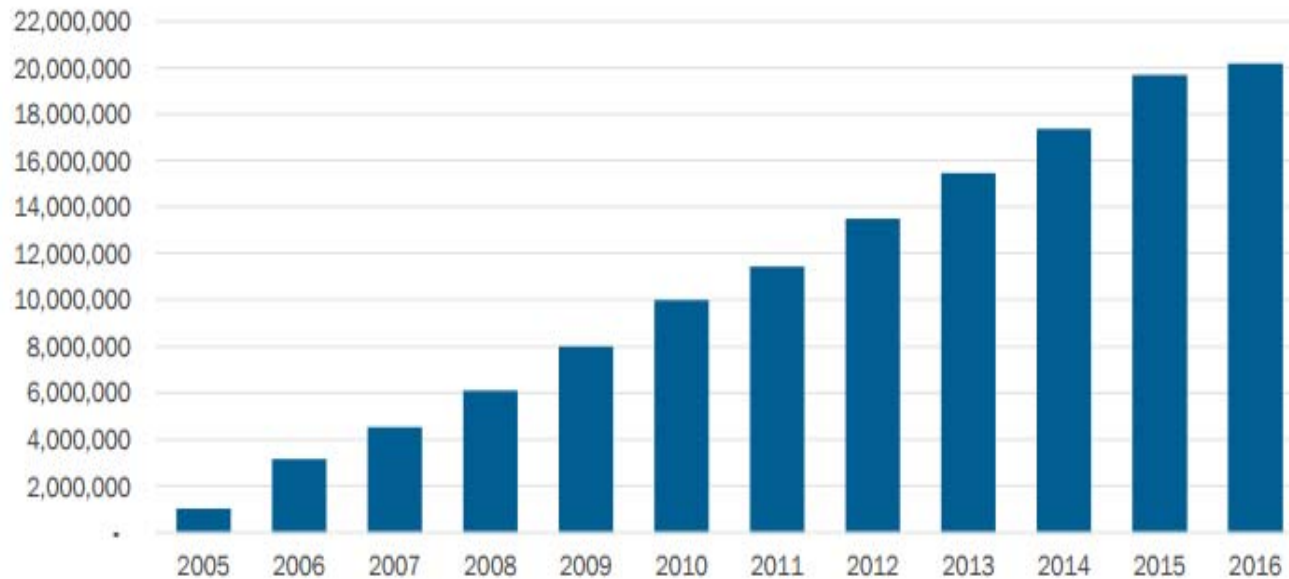
Source: NBGH, 2016

Enrollment in QHDHP

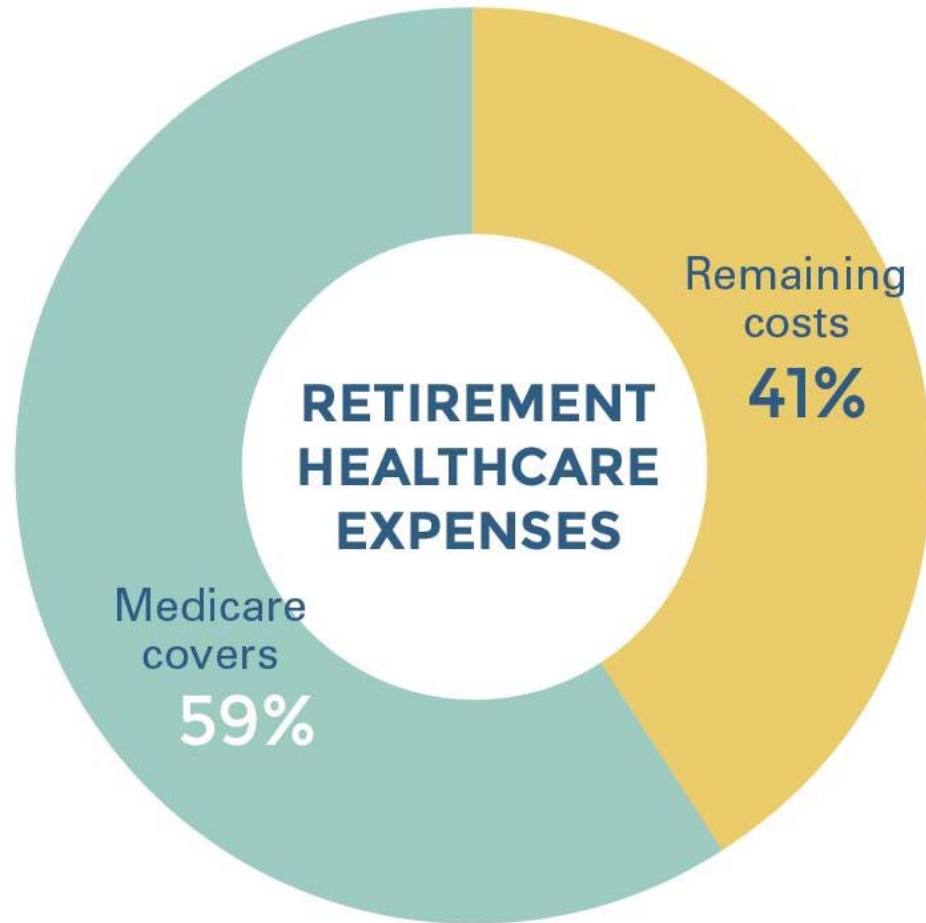


SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016.

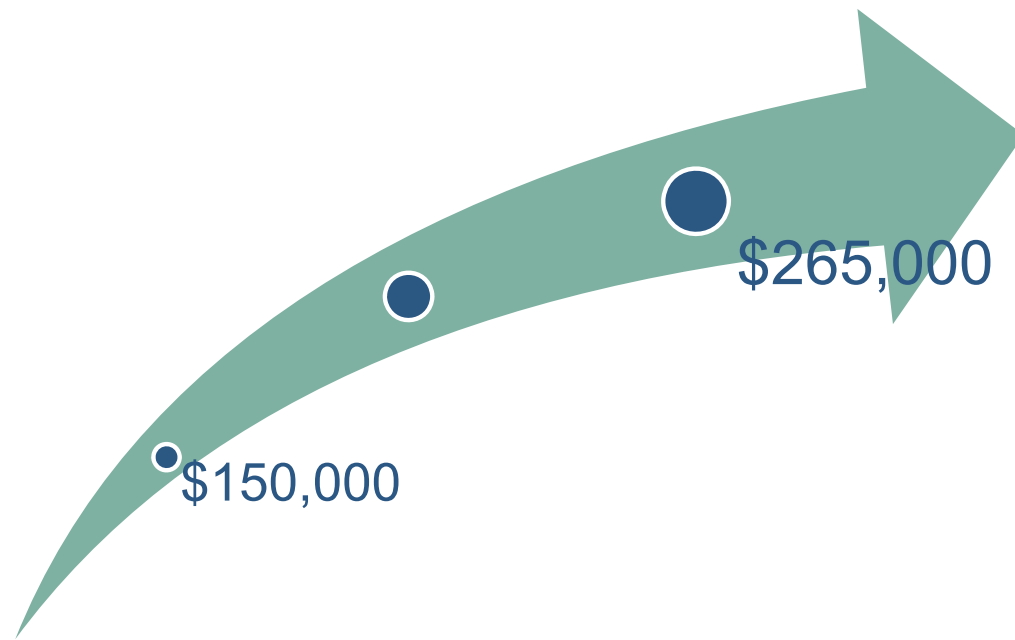
HSA-Qualified High-Deductible Health Plan Enrollment, 2005-2016



Source: AHIP HSA Census 2016



Retiree Medical Costs: Above and Beyond Medicare



HSA Tax Benefits

1
Contributions
are TAX
DEDUCTIBLE



Pretax =No FICA

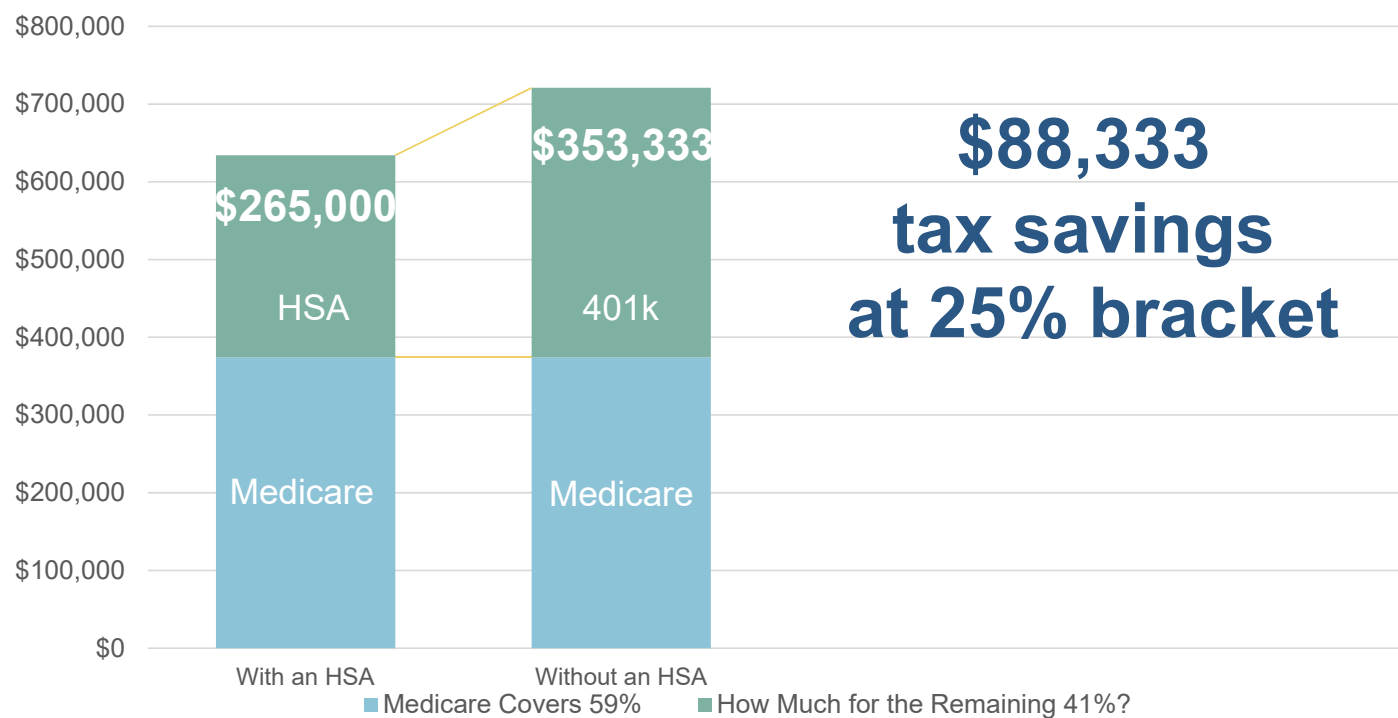
2
Earnings and
interest grow
TAX
DEFERRED



3
Withdrawals
for eligible
medical
expenses are
TAX FREE



Retiree Medical Costs: 401k Tax Burden



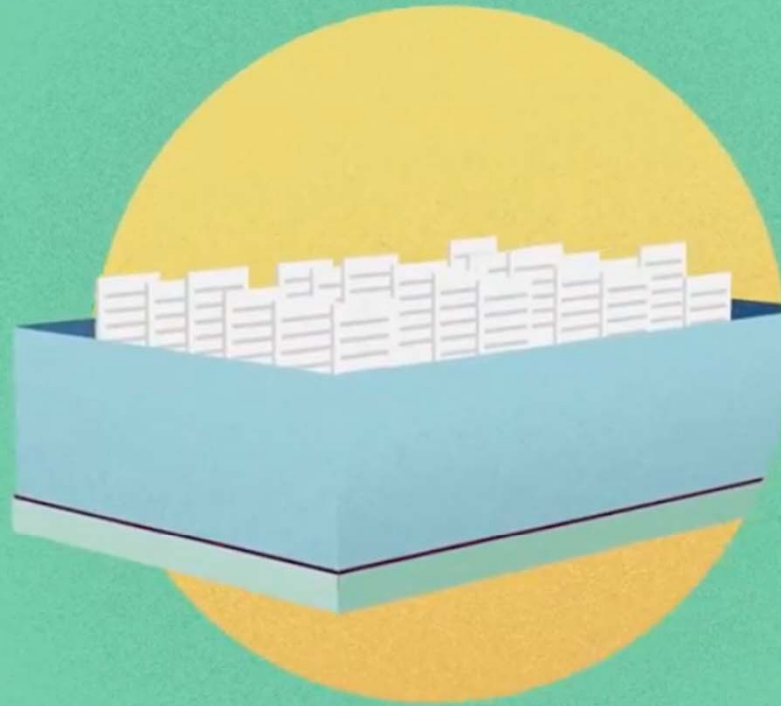
IRS Requirements

- Covered By HSA Qualified Health Plan
- No non-qualified health insurance
- No Medicare, Tricare, Medicaid
- No FSA
- Not claimed as tax dependent

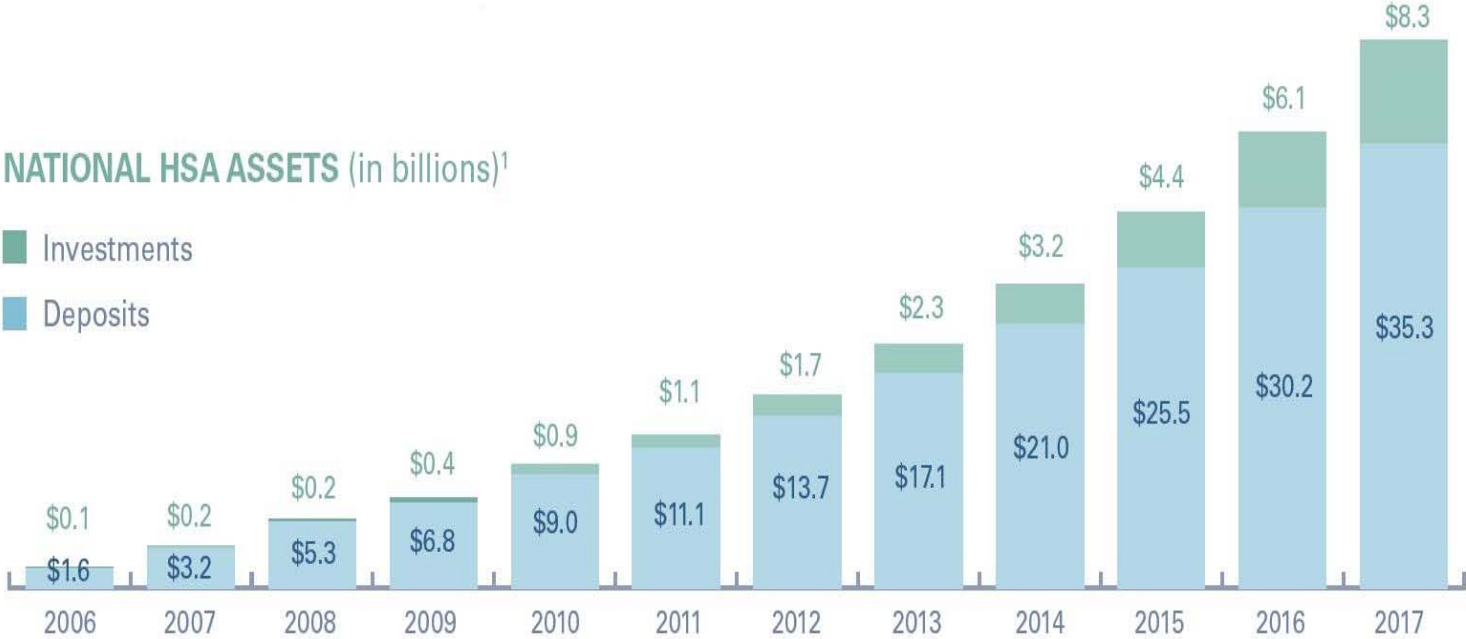
HSA Annual Contribution Limits

	CY 2017	CY 2018
Individual Coverage	\$3,400	\$3,450
Family Coverage	\$6,750	\$6,900
Catch-Up Contribution (ages 55+)	\$1,000	\$1,000

The Better HSA



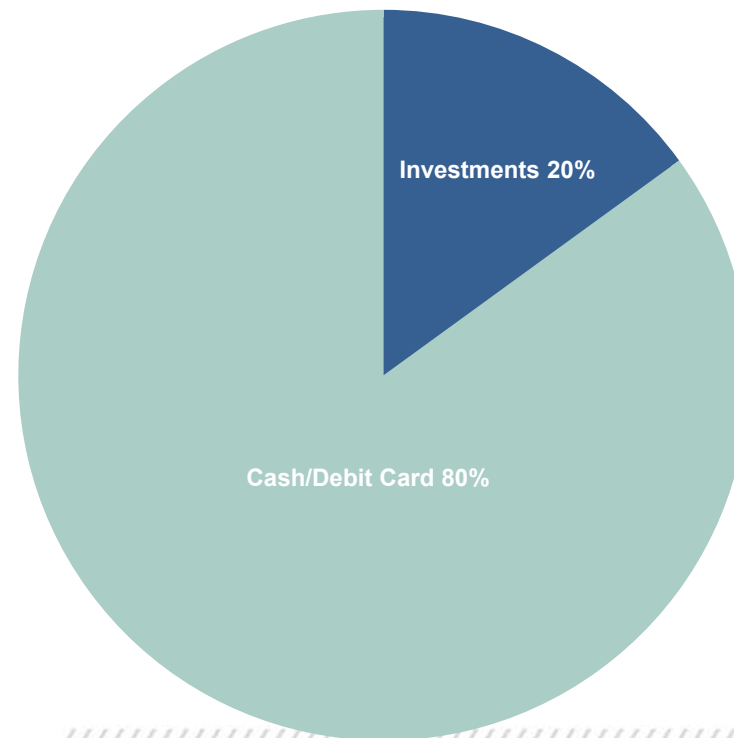
HSA Assets



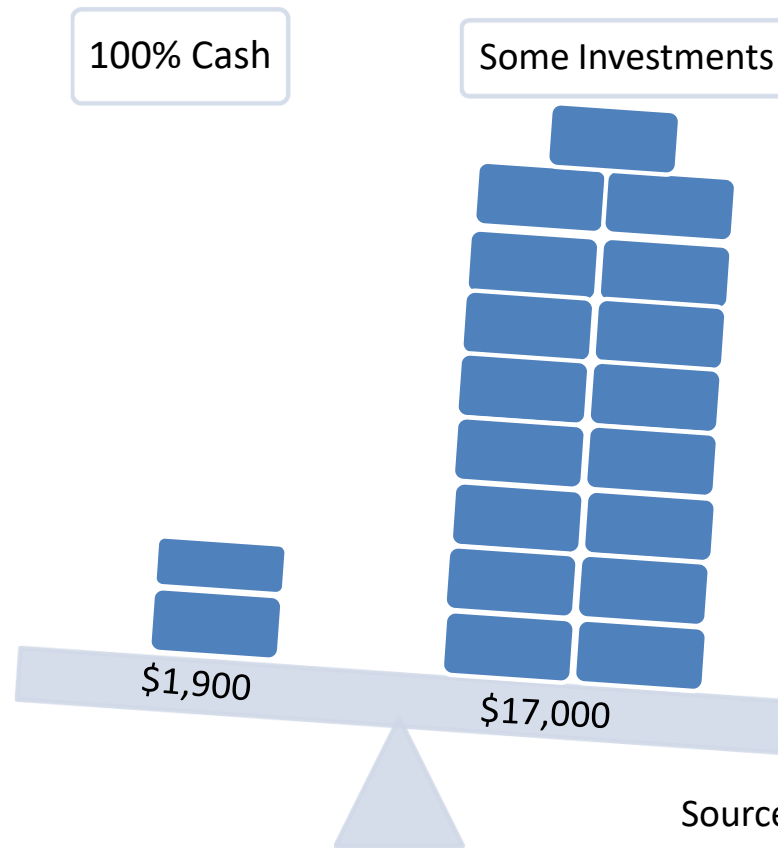
¹ Source: Estimate derived from 2014 Year-End Devenir HSA Market Survey, press releases, previous market research and market growth rates.

A Different Story

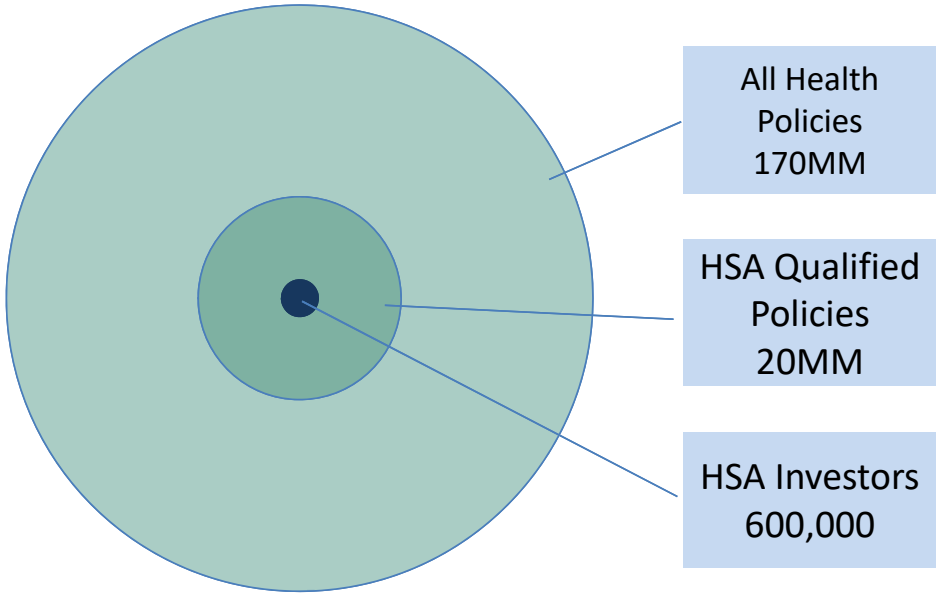
HSA Industry



HSA Balance – Cash vs. Investment



Current HSA Investors as Part of Overall Insured



Strategy

- Understand the Basics
- Open up the discussion
 - Current HSA
 - Rich benefits
 - Employees concerned with healthcare/retirement
 - Looking for tax shelters
 - How many health plans are offered

Strategy

- Encourage expansion
- Remove Hurdles
 - Does the employer pay admin fees?
 - Is there a contribution to the HSA?
 - Is there a minimum required to be held in cash before investing?
 - Can EEs make pre-tax contributions?

Report Card

Consumers who understand HSAs

30%

Account holders who contribute the annual maximum to their HSAs

15%

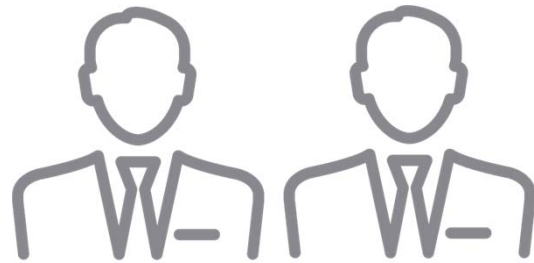
Account holders who invest their HSAs

12%

Actively Managed Deferrals

A

B



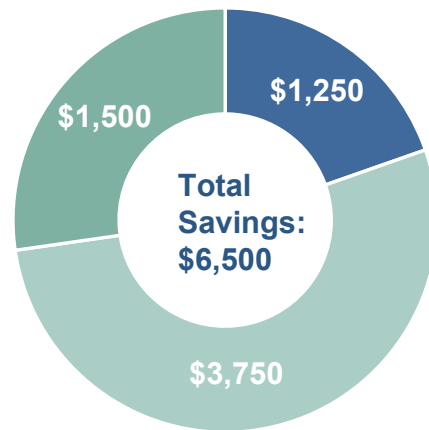
\$50,000 annual income
\$5,000 deferred annually



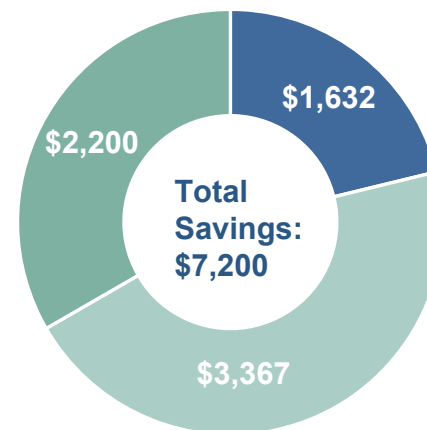
Provides 3% 401k match
Makes \$700 HSA contribution

Actively Managed Deferrals

A
All 401k



B
HSA & 401k Match



Tax savings
Net payroll deduction
ER contributions

The Future



Advisor Opportunity

Be the total retirement expert.



Demonstrate educational expertise.



Tell the story differently.



Broaden service offerings.



Serve retirement and wealth management.

Differentiate.



Stay In Touch

- Pat.Jarrett@HealthSavings.com
- HealthSavings Administrators
Advisor Line: (888) 354-0697

Rising Longevity and Health Care Costs Pose Risks

- Steadily rising average life expectancies – Life expectancy of a child born in 2017 is 104! ¹
- Large and rapidly growing retirement savings gap - \$28 Trillion as of 2015, projected to grow to \$137 Trillion by 2050 ¹
- Today's 65-year old couple retiring in 2016 is expected to spend \$260,000 on health care during retirement (excluding over-the-counter medications, most dental services, and long-term care) ²
- Personal Savings Rate (personal savings as a percent of personal disposable income) is now just 3.8% ³

¹ World Economic Forum May 2017 White Paper “We’ll Live to 100 – How Can We Afford It?”

² Fidelity's Retiree Health Care Cost Estimate: <https://www.fidelity.com/about-fidelity/employer-services/health-care-costs-for-couples-in-retirement-rise>

³ U.S. Bureau of Economic Analysis, Personal Saving Rate [PSAVERT], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PSAVERT>, August 27, 2017

Fiduciary Implications of Health Care Costs and HSAs

- Financial planners and investment advisors should be clear about consideration of health care costs and savings requirements/plans when setting the scope of a client engagement
- Under the DOL Fiduciary Rule provisions that took effect on June 9, 2017, advice on HSAs with investment components (including CDs) is a fiduciary act
- HSAs can be viewed as an important component of retirement savings
 - Contributions are tax-deductible
 - Returns on invested contributions grow tax-free
 - Withdrawals are not taxed if you use them for qualified medical expenses
 - At 65 years old, non-qualified distributions are taxed penalty-free (versus 20% penalty + tax for non-qualified, pre-65 withdrawals)

HSA Due Diligence for Fiduciary Advisors

- Make sure you and the client agree on whether and to what extent HSA analysis will be within the scope of the engagement
- Make sure Impartial Conduct Standards (per DOL's Fiduciary Rule) are in place and followed
 - Comply with the best interest standard (prudence, individualization, proper mitigation of conflicts)
 - Charge only reasonable compensation
 - Avoid misleading statements
- Make sure the client is eligible to participate, then assess the relative merits of allocating client resources to an HSA versus other alternative uses of those resources based upon the client goals, objectives, and relevant facts and circumstances
- Analyze the types of investment options available and the specific investments offered
- Monitor to assure that the HSA continues to serve the client's best interests

Questions, Answers and Discussion

Additional information on fiduciary trends can be found at fi360 Fiduciary Talk Podcast www.fi360.com/fiduciarytalk (also available on iTunes)
and the Fi360 Blog www.fi360.com/blog