Need a reason to save more?
Try these HSA tax advantages.
This information is for employees enrolled in the High Deductible Health Plan.

You may already know about these three tax benefits, which apply to your Health Savings Account (HSA):

• Contributions aren’t subject to federal (or state, in most cases) income taxes
• You can grow the funds in your account through interest and, potentially, through investing. Any earnings are also not subject to taxes provided they are withdrawn for qualified medical expenses.
• Funds spent from an HSA are not taxed as long as they are spent on qualified medical expenses

But did you know that your HSA features a fourth tax advantage?

• Contributions aren’t subject to FICA (social security and Medicare) taxes

That means for every contribution you make to your HSA, you’ll get an additional 7.65% in your account. The chart below provides a summary of the tax treatment of HSAs and other retirement savings vehicles.

<table>
<thead>
<tr>
<th>Account type</th>
<th>Taxation of contributions</th>
<th>Taxation upon withdrawal</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSA</td>
<td>No state (in most cases) or federal income tax</td>
<td>Withdrawals for qualified medical expenses are not taxed upon distribution</td>
</tr>
<tr>
<td>Traditional (non-Roth) IRA and qualified retirement plans</td>
<td>No income tax on contributions or earnings FICA tax is imposed</td>
<td>Withdrawals are taxed upon distribution</td>
</tr>
<tr>
<td>Roth IRA and qualified retirement plans</td>
<td>Income tax is imposed on contributions; any earnings accumulate without being taxed FICA tax is imposed</td>
<td>Withdrawals are not taxed upon distribution provided the distribution is a qualified distribution</td>
</tr>
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</table>

While these tax advantages are worth noting, it’s important to note that your HSA is just one part of your overall retirement planning strategy. It has been observed that workers who participate in both HSA and defined contribution plans, like a 401k, tend to save more than workers who use just one vehicle. In fact, recent research showed that 88% of HSA accountholders maintained or increased their 401(k) contributions after enrolling in their HSA.¹

Consider doing your future-self a favor and join the ranks of those who are saving more today.

¹CNBC, Health savings account contributions can boost your retirement, 2017.

Questions?
Contact the Voya Financial Consumer Services Team at (833) 232-4673.