

RETIREMENT FACTS & FIGURES

Innovative Retirement Healthcare Solution Supports Retirement Preparedness

(NAPS)—According to the Social Security Administration, there are 65 million retirees in the U.S. If you or someone you care about is among them—or you expect to be someday—there could be good news for you. An innovative healthcare program can make paying for medical care in retirement much easier.

According to the annual HSA Bank Health & Wealth IndexSM, ninety-three percent of consumers over 55 worry about current or future medical bills—and with good reason. This is a real problem for Americans and, according to a recent study by HealthView Services, it is estimated that a healthy, average couple age 65, retiring in 2021, will spend \$662,156 on healthcare expenses during retirement. Yet more than a third reported they rarely save money for future healthcare expenses.

An Answer

The retiree reimbursement arrangement (RRA) is a popular solution designed to support workers into retirement. It lets employers help their retirees offset healthcare costs in retirement even without a group retiree health plan.

How It Works

Retirees most commonly use RRAs for reimbursement of Medicare premiums, but they can also use it for expenses under Section 213(d) of the Internal Revenue Code, if the employer allows for it. All employer contributions are 100% tax-deductible to the employer and tax-free to the retiree.

Here's how to create one:

Step 1: Employer set-up. The employer sets aside funds and determines how much employees can use each year in retirement until the fund is exhausted.

Step 2: Rollover at retirement. If the employer also offers an HRA (Health Reimbursement Arrangement) and at retirement employees have money remain-



A comfortable retirement may be easier to achieve for many workers and seniors thanks to a new way to prepay.

ing in it, the employer may let employees roll that amount into their RRA.

Step 3: Retiree uses benefit. Retired employees can use their RRA to pay Medicare premiums and other medical expenses. If the annual amount isn't used, the employer may let retirees roll over the balance.

Compared to defined benefit retiree healthcare plans, RRAs can be a more predictable and cost-effective option for employers to continue to provide for their employees into retirement.

Expert Opinions

“RRAs are a great way for employers who offer Health Savings Accounts (HSAs) to continue to play a part in the well-being of their employees into retirement, and are part of a larger focus of HSA Bank to provide peace of mind and financial security for consumers throughout their lives,” explained Chad Wilkins, President of HSA Bank which offers the plan.

That's part of the bank's work toward a world where everyone is empowered to save for a healthy future. By providing the right tools and resources, it makes it simple for its 3 million members nationwide to maximize their savings for healthcare and long-term goals.

Learn More

For further facts about RRAs and other healthcare spending and savings products, visit www.hsabank.com.