



## WHY A 401(K) & HSA MAKE THE PERFECT POWER COUPLE

It's February, which means love is in the air. If you've already finished the first season of *Bridgerton* on Netflix and are looking for another love story to dive into, we're here to tell you about a love story for the ages: a 401(k) & HSA. This power couple gives David and Victoria Beckham a run for their money (**literally**).

What, two benefit accounts, a power couple? No way, that's ridiculous... *right*? We're here to tell you that it makes more sense than you think.

401(K) + HSA = ❤️

### THEY HAVE SIMILAR GOALS.

⚠️ **WARNING** ⚠️ We're about to throw a few scary retirement costs at you.

- From retirement age on, you can expect to spend about \$987,000, on average [[USA Today](#)]
- Households spend \$45,756 on average per year, which is approximately \$3,800 per month [[NerdWallet](#)]
- Healthcare costs are around \$6,600 per year [[MarketWatch](#)]

The goal of a 401(k), like any retirement account, is to help you save for those expenses in retirement. Did you know that you can use an HSA in the same way? It's a great way to save for healthcare expenses in retirement. Since HSA dollars carryover from year-to-year and you can take the funds with you if you switch jobs, this account is **great to use when you're retired**.

### THEY MAKE AN EFFORT TO BE FLEXIBLE AND CAN WEATHER TOUGH TIMES.

You want this pairing by your side if you run into a financial emergency.

Depending on how your 401(k) is set up, you may be able to use funds in your account for emergencies. See the [IRS website](#) to learn about hardship distributions, early withdrawals, and loan options. (Note that if your plan allows for any of these, you will likely lose a portion of your funds due to various fees imposed).

An HSA is arguably even more flexible, especially if it's within the boundaries of an emergency healthcare expense. You can use funds in your account at any time for a health-related expense as defined by Internal Revenue Code (IRC) Section 213(d). Not enough funds built up to cover the expense? You can pay for it with other funds and reimburse yourself later. Alternately, you can borrow from future HSA contributions if your employer has the option for an **HSA BRidge**.

If your emergency isn't an eligible medical expense, you can also withdraw money from your HSA with a similar financial penalty applied.

## THEIR FINANCES ARE IN CONTROL.

According to relationship therapist Jen Elmquist, money is the **number one thing that couples argue about**.

**Fortunately, that's no problem for this power couple.**

Both 401(k)'s and HSAs are money-saving tools. Additionally, you can invest the money in these accounts to see your funds grow over time.

## THEY HAVE A GREAT SUPPORT SYSTEM.

Blake Lively and Ryan Reynolds have **Taylor Swift**. Beyoncé and Jay-Z have **Rihanna**. **So, what about a 401(k) & HSA?**

Here are some 'friends' you might find in the mix:

- Their FSA pals **Limited FSA** and **Dependent Care FSA**, supporting eligible dental/vision and dependent care expenses, respectively
- Their friend **Commuter Benefits**, who makes workplace transit/parking more affordable
- The always-reliable **Specialty Accounts**, providing support in **unique, creative ways**

## THEY BRING OUT THE BEST IN EACH OTHER.

Have we convinced you yet? Pairing a 401(k) & HSA together is the smart thing to do because:

- ♥ It enables you to save for retirement
- ♥ You can grow your funds over time through investments
- ♥ If an emergency financial situation happens, there are ways to withdraw funds



**READ THIS ARTICLE AT BENEFITRESOURCE.COM:**

**Why a 401(k) & HSA make the perfect power couple**

*Published February 2, 2021*