HealthEquity®



HSA Investment Guide

Use your HSA to build the ultimate retirement nest egg



Planning for healthcare costs in retirement

Picture your retirement. What comes to mind? Maybe you envision lazy afternoons with your grandkids or lots of traveling, boating, golfing, RVing, and all the other fun stuff.

But think beyond the day to day: Retirement will also entail significant healthcare expenses. In fact, recent estimates show that a healthy 65-year-old couple retiring in 2025 can expect to spend an average of $388,000 to cover out-of-pocket medical expenses in retirement.[1]

Medicare isn't free. It has premiums just like your health insurance today. Prescriptions tend to cost more in retirement too. The irony is that healthy couples will need to absorb even more costs, as longer life expectancy translates into more healthcare spending.

Bottom line: You can't plan for retirement without also planning for your healthcare. That's why the number of Americans investing their Health Savings Accounts (HSAs) continues to grow.[3]

[1]2025 Milliman Retiree Health Cost Index: https://www.milliman.com/en/insight/retiree-health-cost-index-2025
[2]HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.
[3]2025 Year-End Devenir HSA Research Report: https://www.devenir.com/research/2025-year-end-devenir-hsa-research-report/

Only an HSA delivers a triple-tax advantage[2]

- Make tax-deductible contributions
- Grow tax-free earnings
- Enjoy tax-free distributions for qualified medical expenses

Taken together, this is a recipe for potential long-term growth and significant tax savings compared to other retirement account options.

Comparing HSA to 401(k)

When it comes to retirement, everyone talks about the 401(k). But your HSA is one of the best accounts for saving for retirement. Not only can you invest[3] your HSA and potentially capitalize on tax-free[4] growth, but your HSA also delivers powerful tax advantages you can't find anywhere else.

Table 1. HSA vs 401(k)

	HSA	401K
Assets	✓ Investable	✓ Investable
Contributions	✓ Not taxed	FICA taxed
Earnings	✓ Not taxed	✓ Not taxed
Distribution for qualified medical expenses	✓ Not taxed	Taxed (as ordinary income)
Distribution for non-qualified medical expenses	Taxed (as ordinary income after age 65)	Taxed (as ordinary income after age 59 1/2)
Required minimum distribution	✓ Never	Yes (Age 72)

As you can see from this table, your HSA brings all the tax efficiency of a 401(k) along with added benefits. For example, 401(k) contributions are subject to FICA payroll taxes, while HSA pre-tax payroll contributions are not. So, HSA contributions go further than 401(k) contributions and can help you save faster.

In addition, HSAs do not have required minimum distributions. Plus, members 65 and older can take taxable HSA distributions for any expense – just like a 401(k). And, of course, distributions are always tax-free when used for qualified medical expenses.

Considering how much you could spend on healthcare in retirement, those advantages can translate into huge savings.

Maximize your spending power in retirement

Because you can distribute money from your HSA tax-free when you pay for qualified medical expenses, the money in your HSA goes further than the money in your 401(k).

Here's a comparison for illustration based on a 30% effective tax rate.

Table 2. Spending Power in Retirement

	HSA	401(k)
Balance (at age 60)	$400,000	$400,000
Spending power	**$400,000** (distributions are not taxed)	**$280,000[5]** (distributions are taxed)

HSA SAVINGS (versus 401(k)) = $120,000

[3]Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, you should carefully consider the investment objectives, risks, charges and expenses of any mutual fund before investing. A prospectus and, if available, a summary prospectus containing this and other important information can be obtained by visiting the fund sponsor's website. Please read the prospectus carefully before investing.

[4]After age 65, if you withdraw funds for any purpose other than qualified medical expenses, you will be subject to income taxes. Funds withdrawn for qualified medical expenses will remain tax-free.

[5]Estimated savings are based on an assumed combined federal and state income tax bracket of 30%. Actual savings will depend on your taxable income and tax status.

Optimize your retirement savings strategy

Given that a significant portion of retirement spending could go toward healthcare costs, it may not be ideal to use a 401(k) as your sole retirement savings vehicle. An HSA offers much more flexibility and empowers you to pay for qualified medical expenses in retirement — tax-free, in many instances. Therefore, in most cases, it could be prudent to use a 401(k) in conjunction with an HSA. For many people, an effective contribution strategy may follow these steps.

01

Max out your employer's HSA match

Many organizations offer an annual seed contribution. Other organizations offer an ongoing HSA contribution match. The match can be dollar-for-dollar up to a specified limit. Given the short- and long-term flexibility associated with your HSA, it's important to capture this match first. Don't leave money on the table!

02

Max out your employer's 401(k) match

Employer 401(k) match programs vary but might include matching 3 percent or more of an employee's income. The match represents additional savings for retirement that should be captured, if available.

03

Max out your HSA

The HSA contribution limits for 2027 are $4,500 for individuals and $9,000 for families. Members 55 and older can contribute an additional $1,000 beyond these limits. In most cases, it may be advantageous to maximize contributions to your HSA before maxing out your 401(k). FICA savings alone often justify prioritizing the HSA.

04

Max out your 401(k)

After maxing HSA contributions, contribute additional money to a 401(k). Maxing contributions to both your HSA and retirement accounts should help you build a nest egg your future self will appreciate.

There are some people, however, for whom this strategy may not be ideal. Consider that HSA dollars cover myriad over-the-counter medicines, including cough syrup, pain relievers, and even menstrual care products. If inclined to regularly use the HSA for such routine purchases, then a different long-term savings strategy should be considered.

It's difficult to save for retirement if you're regularly dipping into your HSA for routine spending. For some people, the 401(k) early distribution penalty serves to create the necessary savings discipline.

Getting started: HSA investment desktop

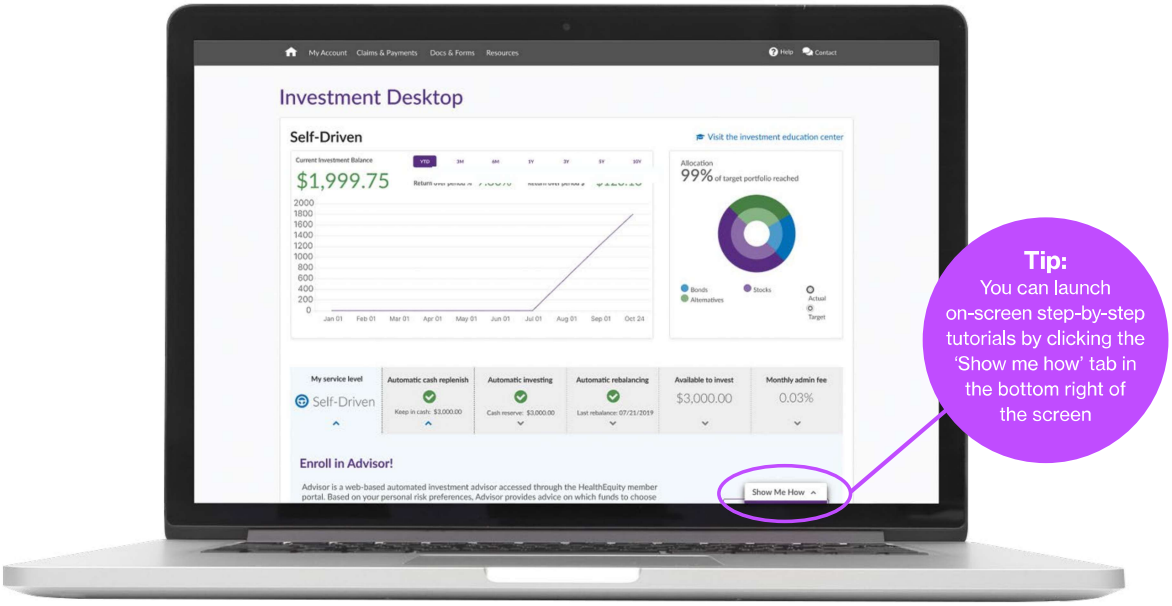


HealthEquity makes it easy to invest your HSA dollars. Here's how to access the HSA Investment Desktop:

1. Log into your HealthEquity member account.
2. Select 'Health Savings Account' from the left navigation pane.
3. Select 'Manage HSA Investments' from the 'HSA Investments' card on your dashboard.

Once inside, you have several options to choose and manage your investments.

- View portfolio performance and allocation.
- Set portfolio targets.
- Set a cash cushion for healthcare spending.
- Research fund options and historical performance.
- Buy, sell, and trade funds.
- Automatically reinvest earnings and rebalance investments.



*The example used is (are) for illustrative purposes only.

Invest in our professionally curated lineup

With SimplyInvest™, choose from a professionally curated lineup of high-quality funds — with a $0 HealthEquity administration fee.[6] Each fund has its own expense ratio, which covers fund operating costs. Our mix of active and passive options spans multiple asset classes and is hand-selected by HealthEquity Advisors. Most funds are Morningstar 4- or 5-star rated, so you can invest with confidence.

Log in to the member portal and select 'Manage HSA Investments' to review your investment options.

FUND NAME / SYMBOL	BROAD ASSET CATEGORY	ASSET CATEGORY	MORNINGSTAR RATING[7]	AVG PEER PERFORMANCE SCORE[8]
Aristotle Core Bond I (PLEBX)[9]	Bonds	Aggregate Bonds	★★★★	17
Aristotle Core Income I (PLIIX)[9]	Bonds	Aggregate Bonds	★★★★	13
T. Rowe Price Global Multi-Sector Bd Inv (PRSNX)	Bonds	Global Bonds	★★★★	11
Aristotle Strategic Income I (PLSRX)[9]	Bonds	Multi-sector Bonds	★★★★★	25
Aristotle Short Duration Income I (PLSDX)[9]	Bonds	Short-term Bonds	★★★★	22
PIMCO Real Return I-3 (PRNPX)	Bonds	TIPS	★★★★	18
Aristotle Ultra Short Income I (PLUIX)[9]	Bonds	Ultrashort-term Bonds	★★★★	16
BlackRock Commodity Strategies Instl (BICSX)	Stocks	Commodities	★★★★	13
RBC Emerging Markets Value Equity I (REMVX)	Stocks	Emerging Markets Equity	★★★★	19
Fidelity International Discovery (FIGRX)	Stocks	Foreign Equities	★★★★	21
Putnam U.S. Research Y (PURYX)	Stocks	Large-cap	★★★★★	16
Invesco S&P 500 Index Y (SPIDX)	Stocks	Large-cap	★★★★	28
Nuveen Large Cap Gr Idx Retire (TRIRX)	Stocks	Large-cap	★★★★★	17
Northern Income Equity (NOIEX)	Stocks	Large-cap (value)	★★★★★	7
iShares Russell Mid-Cap Index Inv A (BRMAX)	Stocks	Mid-cap	★★★	36
Fidelity Advisor Global Commodity Stk I (FFGIX)	Stocks	Natural Resources	★★★★	41
Macquarie Real Estate Securities I (IREIX)	Stocks	Real Estate	★★★★	19
Nuveen Quant Small Cap Equity Premier (TSRPX)	Stocks	Small-cap	★★★★★	13
BlackRock Advantage Small Cap Gr Instl (PSGIX)	Stocks	Small-cap	★★★	28
Nuveen Lifecycle Index 2025 Retire (TLQRX)	Target Date	Target Date	★★★★	24
Nuveen Lifecycle Index 2030 Retire (TLHRX)	Target Date	Target Date	★★★★	22
Nuveen Lifecycle Index 2035 Retire (TLYRX)	Target Date	Target Date	★★★★	34
Nuveen Lifecycle Index 2040 Retire (TLZRX)	Target Date	Target Date	★★★★	29
Nuveen Lifecycle Index 2045 Retire (TLMRX)	Target Date	Target Date	★★★★	25
Nuveen Lifecycle Index 2050 Retire (TLLRX)	Target Date	Target Date	★★★★	25
Nuveen Lifecycle Index 2055 Retire (TTIRX)	Target Date	Target Date	★★★★	25
Nuveen Lifecycle Index 2060 Retire (TVITX)	Target Date	Target Date	★★★★	20
Nuveen Lifecycle Index 2065 Ret (TFIRX)	Target Date	Target Date	★★★★	22
Nuveen Lifecycle Index Ret Inc Retire (TRCIX)	Target Date	Target Date	★★★★	29

[6]HealthEquity charges a $0 monthly investment administration fee. A portion of the fees charged by the mutual funds themselves, that investors pay as a mutual fund shareholder, will be shared with HealthEquity by the mutual funds' sponsors.

The HealthEquity SimplyInvest funds represent a portfolio of approximately 29 mutual funds across 10 broadly diversified asset categories. The average portfolio characteristics target peer performance (average of 3-month and 1-, 3-, 5- and 10-year rankings) near the 25th percentile, net operating expense ratio near the 25th percentile, modest fund revenue sharing, Fi360 fiduciary score near the 25th percentile, Morningstar star rating near 4 stars.

Note: A "Percentile Rankings" of 0 would represent the best possible score with no funds receiving a higher score — a ranking of 100 is the worst possible score with no funds receiving a lower score. Dark green backgrounds represent top quartile score, light green represents second quartile score, yellow represents third quartile score, red represents fourth quartile scores.

Investment information is provided by HealthEquity Advisors, LLC.

[7]Data from Morningstar as of December 2025.

[8]Data from Fi 360 as of December 2025.

[9]Class I information is shown for reference purposes only. Class H shares are available for investment, and may carry a higher expense ratio. See the fund prospectus for complete details.



Invest with a Health Savings Brokerage Account (HSBA)

You have additional flexibility to invest with your HealthEquity HSA through a Schwab Health Savings Brokerage Account (HSBA). Powered by Charles Schwab, the HBSA is connected to your HealthEquity HSA for seamless investing. Through the Schwab HSBA, you can invest in thousands of stocks, mutual funds, exchange traded funds (ETF), and more.

With the Schwab HSBA, you can:

- Fine tune your long-term health savings strategy.
- Research and choose your investments.
- Trade whenever it's convenient for you.
- Pinpoint specific investments for your account.
- Monitor your progress at your own pace.

Get started:

1. Log in to your HealthEquity account and select the 'Manage Investments' link on your homepage.
2. Select the Learn more' button within the Brokerage Account offering. Then select the 'Open an account' button. You will be transferred to the Schwab website to continue the account opening process.
3. Complete the electronic online account opening process with Schwab. Once you click 'Submit,' you will receive your new account number instantly on the screen, and you will be automatically re-directed to Schwab.com.
4. Once on Schwab.com, click 'First Time Users' (under 'LOG IN') to set up your Schwab HSBA for online access. You'll need to input your new Schwab HSBA number, date of birth, phone number, and Social Security Number for this step. If you already have a Schwab account, you can log in with your existing credentials.

Your Schwab HSBA is now ready to be funded from the HealthEquity Investment Desktop, and you can begin researching investment opportunities. You'll receive welcome materials from Schwab within a few days from when your account is set up.

Schwab Health Savings Brokerage Accounts are offered through Charles Schwab & Co., Inc (Member SIPC), the registered broker/dealer, which also provides other brokerage and custody services to its customers. Health Equity and Charles Schwab & Co., Inc. are not affiliated and are not responsible for the policies, products, and services provided by the other.

Take advantage of web-based automated investing advice and recommendations

Investing can be confusing and somewhat time consuming. We understand. If you're not ready to manage you own portfolio, Advisor powered by **HealthEquity Advisors, LLC**[10] can help. The integrated Advisor platform offers two service levels, enabling you to adjust your level of control.

GPS

Tap into algorithm-based guidance and recommendations

GPS recommends investment options based on age, investment objectives, investment experience and more. This option gives subscribers the opportunity to ultimately select their own investments based on targeted advice.

AutoPilot

Let intelligent technologies manage your entire portfolio

Subscriber inputs create a risk profile, then AutoPilot will automatically select investments and rebalance member portfolios based on specified factors. AutoPilot empowers even the most inexperienced members to invest confidently.

Self-Driven

Powered by HealthEquity

HSA investing, directed by you.

If you're confident with your own research and investment knowledge, you can opt for a Self-Driven experience. Execute all fund and allocation decisions while still leveraging mutual fund research and performance data.

Fee information

Investing with your HealthEquity HSA gives you access to a professionally curated lineup of high-quality mutual funds, designed to help you invest with confidence.

With SimplyInvest, there is no additional investment administrative fee.[11]

If you choose to use Advisor — a web-based robo advisor powered by HealthEquity Advisors, LLC — it helps guide and manage your SimplyInvest portfolio. Advisor costs 0.05% per month, billed on your average daily invested balance and capped at $15.00 per month. For example, an average invested balance of $10,000 would result in a $5.00 monthly Advisor fee.[12]

If you invest through a Health Savings Brokerage Account (HSBA), an investment administrative fee of 0.03% is applied only to assets held in the HSBA, billed monthly on your average invested balance. This fee is capped at $10.00 per month, even as your balance grows.

[10]Investments are subject to risk, including the possible loss of the principal invested and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. HSA holders may select mutual funds for investment through the HealthEquity investment platform but HealthEquity, Inc. does not provide investment advice. HealthEquity Advisors, LLC, a wholly owned subsidiary of HealthEquity, Inc. and an SEC-registered investment adviser, provides web-based investment advice to HSA holders that subscribe for its services (minimum thresholds and additional fees apply). Registration does not imply endorsement by any state or agency and does not imply a level of skill, education, or training. Investing may not be suitable for everyone. You should carefully consider the investment objectives, risks, charges and expenses of any mutual fund before investing. A prospectus and, if available, a summary prospectus containing this and other important information can be obtained by visiting the fund sponsor's website. Please read the prospectus carefully before investing.

[11]HealthEquity charges a $0 monthly investment administration fee. A portion of the fees charged by the mutual funds themselves, that investors pay as a mutual fund shareholder, will be shared with HealthEquity by the mutual funds' sponsors.

[12]Investment fees may vary or be covered by the employer. Log into your account and visit the Investment Desktop or contact your employer to understand your investment fees.



Connecting health and wealth

Get support 24/7

Call us day or night. Our service team measures success by problems solved. We'll do whatever it takes.

Say goodbye to hassle

Log in and manage everything via our simple mobile app. [13] Want to submit a claim? Easy. Just snap a photo and you're on your way.

Stay informed

Check out our vast library of webinars, tutorials, videos, calculators, and more. You'll find tips and tricks to make the most of your HSA.

Questions? We're here for you 24/7

866.735.8195 | HealthEquity.com/Learn

[13]Accounts must be activated via the HealthEquity website in order to use the mobile app.

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