Reinventing RETIREMENT

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YOUR RETIREMENT PLANNING NEWSLETTER

Tag Team

How a Health Savings Account Can Complement Your Retirement Savings Account

For most people, a 401(k), 403(b) or other workplace retirement saving account is one of the most valuable savings tools available to help prepare for the future. But there is another account that deserves just as much attention: the Health Savings Account, or HSA. Available to individuals enrolled in eligible high-deductible health plans, HSAs offer a combination of benefits that are difficult to match.

The Triple Tax Advantage

HSAs are often called the only account with a "triple tax advantage." First, contributions are typically made with pretax dollars, which can reduce your taxable income. Second, any investment earnings grow tax deferred. Third, withdrawals are tax-free when used for qualified medical expenses. By comparison, traditional workplace retirement account contributions are made with pretax dollars and grow tax deferred, but withdrawals in retirement are generally taxed as ordinary income.

Better Together

That doesn't mean you should choose one account over the other. Instead, think of your HSA and workplace retirement account as complementary tools that can work together. Although annual contribution limits for HSAs are much lower than those for workplace retirement plans, healthcare is often one of the largest expenses retirees face. Building dedicated savings for future medical costs can help protect your retirement income later. In fact, once you reach age 65 and enroll in Medicare, your HSA savings can be used to pay your Medicare premiums.

Don't Forget the Investment Potential

Another advantage many people overlook is that HSAs are not just savings accounts. Many HSA providers allow you to invest your balance in mutual funds and other investment options, much like a 401(k). Over time, those investments may benefit from the power of compounding and potentially grow significantly. If you can afford to pay all or a portion of your current healthcare expenses out of pocket, consider allowing the balance of your HSA savings to remain untouched for the long term.

Remember that retirement planning isn't just about replacing your paycheck. It's also about preparing for future healthcare costs—and an HSA can be a powerful way to do both.

Informational Sources: Voya: "How an HSA Can Enhance Your Nest Egg" (April 30, 2025); Fidelity: "5 Ways HSAs Can Help With Your Retirement" (October 16, 2025).

Protecting Your Paycheck

Disability Insurance Plays an Important Role in Your Financial Wellness

When people think about protecting their financial future, they often focus on saving for retirement, building an emergency fund or purchasing life insurance. One form of protection that is often overlooked is disability insurance. Your ability to earn an income may be your most valuable financial asset. If an illness or injury prevents you from working for an extended period, disability insurance can help replace a portion of your income and keep your financial goals on track.

Understanding the Basics

Disability insurance provides income replacement if you're unable to work due to a covered illness or injury. There are two primary types of disability coverage: short and long term. Short-term disability insurance typically replaces a portion of your income for several weeks or months after a waiting period. Long-term disability coverage generally begins after short-term benefits end and may continue for several years — or until retirement age — depending on the policy. Most employer-sponsored plans replace between 50% and 70% of your base salary, although coverage levels vary.

What Employers Typically Provide

Many employers offer disability insurance as part of their benefits package, often at little or no cost to employees. Short-term disability coverage is commonly offered as an optional or employer-paid benefit. Long-term disability coverage is also frequently available, and employees may have the option to purchase additional coverage.

It's important to review your benefits carefully. Pay attention to key details such as the percentage of income replaced, waiting periods before benefits begin, benefit duration and whether bonuses or commissions are included in covered earnings. You should also understand whether benefits would be taxable if you needed to use them.

An Important Part of Financial Wellness

Disability insurance works alongside emergency savings, health insurance, life insurance and retirement accounts as part of a comprehensive financial plan. Without adequate income protection, even a temporary loss of earnings could disrupt your ability to pay bills, cover healthcare expenses or continue saving for retirement (not to mention contributing to a college savings plan or funding other family financial goals).

During your next employer benefits enrollment period (which typically occurs in November of each year), take a few minutes to review your disability coverage. It could be one of the most important financial decisions you make.

Informational Sources: Guardian Life: "How Does a Disability Insurance Policy Work?" (December 9, 2025); Lifehappens.org: "Disability Insurance 101" (accessed June 25, 2026).

Staying Ahead of the Game

Complete This Financial Wellness To-Do List To Help Prepare for 2027

As the year winds down, it's a great time to take stock of your financial health and make a few important moves before the calendar flips to January. Completing a few simple steps between now and then can help you feel more confident and prepared for 2027.

☐ Check Your Retirement Plan Contributions

Review how much you've contributed to your 401(k), 403(b) or other workplace retirement plan this year. If you're not contributing enough to receive the full employer match, consider increasing your contribution rate accordingly.

Year-end is also a good opportunity to review your investment selections and ensure they still align with your goals and comfort level with risk.

☐ Review Your Beneficiaries

Many people forget to update beneficiary designations on retirement accounts and insurance policies. Marriage, divorce, the birth of a child or other life changes may mean your current designations no longer reflect your wishes. A quick review can help ensure your assets go where you intend.

☐ Evaluate Your Emergency Fund

Unexpected expenses can happen at any time. Take a look at your emergency savings and determine whether you have enough set aside to cover several months of essential expenses. If not, commit to a solid plan to build that cushion in the coming year.

☐ Tackle Credit Card Debt

Credit card balances are one of the biggest obstacles to achieving financial wellness. When interest rates are in the double digits, a significant portion of each payment goes toward interest rather than reducing the balance. Take a few minutes to review any outstanding credit card debt and create a plan to pay down balances more aggressively in the coming year. If you have more than one credit card, consider either paying off the highest-interest debt first, or paying off the smaller balance(s) to build momentum.

☐ Set The Tone for Next Year

Whether it's increasing retirement contributions, creating a realistic 12-month spending plan, starting to save for college tuition, paying down debt or some other financial priority, spend some quality time thinking about your financial goals for the coming year. And don't forget about nonfinancial goals! Whether it's exercising more, eating better, joining a book club or discovering new hobbies and interests, it's important to take care of your mind, body and spirit!

Informational Sources: GreenPath: "Your Year-End Financial Wellness Checklist" (December 23, 2024); M&F Bank: "End-of Year Financial Checklist: Your Secret Weapon Against Personal Money Stress" (accessed June 24, 2026).

Retirement in Motion

TIPS AND RESOURCES THAT EVERYONE CAN USE

Knowledge Is Retirement Power

Claiming Social Security benefits early (at age 62) typically results in a 30% reduction in lifetime benefits versus waiting until your full retirement age (age 67 for workers born in 1960 or later). Fortunately, a "do-over" option is available. If you claimed early and now have the financial resources to reconsider, you can potentially boost your benefit by up to 24% by suspending your Social Security payments for 1 to 3 years after you reach your full retirement age. For more information, check out this article from AARP or visit www.aarp.org/social-security/faq/suspend-then-restart/.

Q&A

How often should I review my credit history?

It's a good idea to review your credit history at least once a year. Regular reviews can help you spot errors, identify signs of identity theft and ensure that your credit accounts are being reported accurately. However, if you're actively working to improve your credit score, planning to apply for a mortgage, auto loan or credit card, or have been the victim of fraud in the past, reviewing your credit reports every few months may be worthwhile. Federal law allows consumers to access free credit reports from each of the three major credit bureaus (Experian, TransUnion and Equifax), which are available at annualcreditreport.com.

Quarterly Reminder

Regarding your workplace retirement account, your recordkeeper likely prompts you to change your password every quarter. But is it as strong as it should be? Check out the U.S. Cybersecurity & Infrastructure Security Agency (cisa.gov) for tips on choosing a strong password.

Tools & Techniques

Major life events — such as changing jobs, getting married, having a baby, approaching retirement or simply experiencing market volatility — can change how much investment risk you're comfortable taking. Reviewing your risk tolerance every year helps ensure your investment mix still matches your goals, time horizon and comfort level, giving you greater confidence to stay on track through changing markets. Your plan recordkeeper most likely provides an online investment risk tolerance quiz that you can easily access. Plan to revisit the quiz on an annual basis, perhaps on your birthday or at the end of each year.

Corner on the Market

Basic Financial Terms To Know

Passive Income. Passive income is a regular stream of money that requires little or no continuous effort. The goal is to create a steady flow of cash without the daily commitment of a full-time job. Examples of this income include returns from investments, interest paid on savings accounts or bonds, stock dividends and rent from real estate properties.

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