

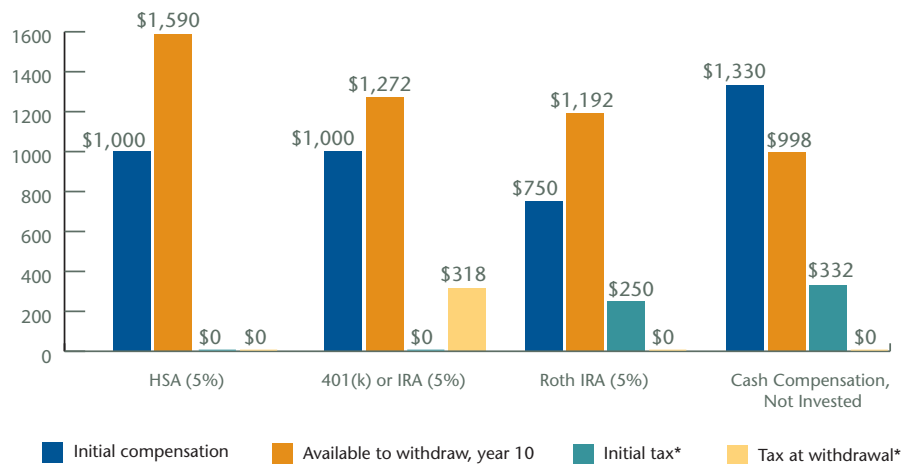


Health Savings Accounts

When is \$1,000 not \$1,000?

When is \$1,000 not \$1,000? When taxes take a bite of it, of course! Depending on how money is distributed, tax withholding can be substantial. For example, when an employer gives a traditional end-of-year cash bonus to reward employees, it is taxed at the highest possible level. Compared to the gross award, the net amount after tax is often disappointing, leaving many employees feeling a bit burned.

The tax-favored advantage



Based on an initial \$1,000 pre-tax investment, with a 5% annual return for 10 years and no HSA withdrawals are made. Rates are presented as examples only and may not reflect actual rates or yields.

* Simple IRA and 401(k) funded with pre-tax dollars. Roth IRA funded with after-tax dollars. Illustration assumes a 20% tax rate on withdrawals in retirement. Illustration assumes a 25% income tax rate for initial deposits or gifts. HSA funds can accumulate and be used for post retirement medical expenses.

A bonus that truly equals \$1,000

When employers contribute directly to employees' health savings accounts (HSAs) (within deposit guidelines), the employees get the full dollar-for-dollar contribution to use against their medical bills. If no medical expenses are incurred, employees win again by letting those dollars continue to grow on a tax-favored basis. Through an HSA, a \$1,000 bonus truly equals \$1,000 when the funds are used for health care!

FOR MORE INFORMATION

To learn more about the savings and accumulation potential of health savings accounts, contact your marketer.



WE'LL GIVE YOU AN EDGESM

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

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