

CHARGING Forward with the New HSA Saver Medical Plan

Supercharge your Savings: Invest your HSA

An HSA is more than just a savings account for healthcare expenses — it's an investment account too, and it can be a powerful addition to your retirement nest egg.


401(k)


IRA/Roth IRA

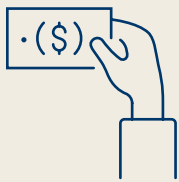

HSA


Social Security


Personal Investments

Optimizing your HSA

There are **two components** within your HSA account:



Cash Account

- ✚ Short-term savings
- ✚ Pay for current eligible expenses
- ✚ Low potential for growth
(Interest-only growth).



Investment Account

- ✚ Long-term savings
- ✚ Buy and sell investments
- ✚ High potential for growth
(Interest and potential investment returns growth)



While you could keep all your HSA funds in the cash account, the real power of an HSA comes when you invest the funds, using the investment account. Here's why:

Maximizes your tax savings

Because the HSA is a tax-advantaged account, the interest you earn from investments are not included in your taxable income.

$$\text{Tax-free contributions} + \text{Tax-free earnings} + \text{Tax-free qualified withdrawals} = \text{Maximum Tax Savings!}$$

Compounds your savings

The interest earned within your investment account is reinvested allowing your money to build up and grow even faster.

Provides long-term growth

You can leave your money in the account for as long as you want — even into your retirement years. The longer your money is invested, the greater the opportunity for maximum growth.

Puts you in control

The HSA investment account allows you to pick investments that best fit your financial lifestyle and level of risk tolerance. You decide how much to invest, when to invest and where to put your money.

Can be used as added income during retirement

Once you reach age 65, you can choose to use your HSA dollars as added income — to pay for ANY type of expense — without penalty, but that amount would be subject to income tax (similar to most 401(k) and IRAs).

Provides highest potential return

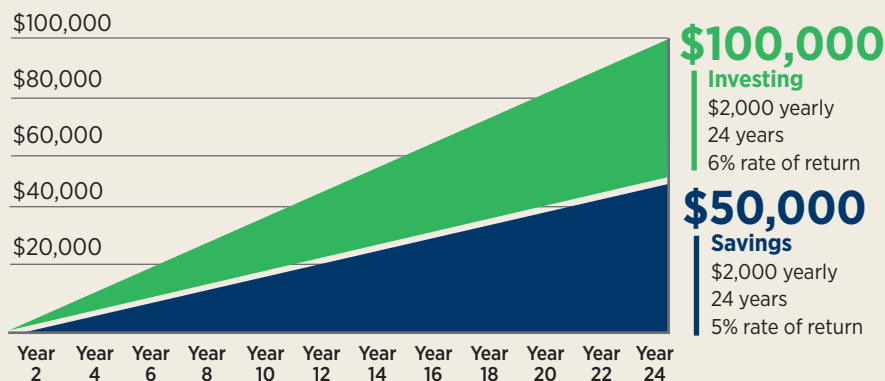
In general, investment accounts provide greater earnings potential than savings accounts. However, keep in mind that investing does involve some risk.



AN EXAMPLE OF THE POWER OF INVESTING

Some members have hundreds of thousands of dollars saved in their HSA. How do they do it? They invest their HSA to capitalize on potential compounding returns and tax-free account growth.¹

As an HSA member with HealthEquity, you can invest in a powerful lineup of low-cost mutual funds. The chart to the right illustrates the power of HSA investing compared to a low-yield savings account.² For the sake of illustration, let's assume \$2,000 annual contribution and a modest return of 6% each year for 24 years. For context, according to a recent article from Investopedia, the S&P 500 has on average returned 10% annually since its inception in 1926.



As you can see, investing brings the potential to double your money compared to a simple savings account.

¹Investments 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.

²Scenarios, results and calculations are for illustrative purposes only. Individual results may vary.

How the HSA Investment Account Works

Opening an Account

Once your cash account has a minimum balance of \$1,000, you may transfer any amount over that into your investment account. Please note: If your cash account falls below \$1,000, you may have to transfer funds from your investment account back into your cash account to meet the minimum balance requirement.

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Making Changes

You can view your investment portfolio at any time and make changes to your investment options as necessary. Some investment options may have fees associated with them. Be sure to understand how fees may be applied when selecting your investments.

4

Transferring Between Accounts

If you have an unexpected expense, you can quickly transfer invested funds to your cash account on the mobile app or online. Once in the cash account, your funds can be used for any eligible healthcare expenses.

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Choosing Investments

There are two investment account options to choose from:

- **Self-directed mutual fund option** comprised of a preselected group of mutual funds.
- **Self-directed brokerage options**, giving you access to stocks, bonds and mutual funds.

A trusted financial advisor can help you decide which option best fits your needs.

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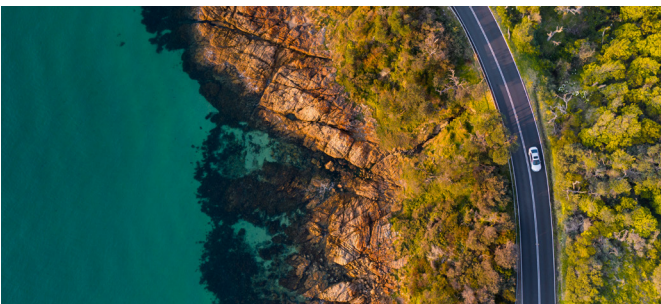
Taking a Withdrawal

Healthcare expenses can only be paid from your HSA cash account. To use funds in your investment account, you will need to sell investments as needed and transfer the money to your HSA cash account.

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Using Management Tools

You can manage your account 24/7 with easy-to-use online tools, including [Healthequity.com](https://www.healthequity.com) and the HealthEquity mobile app.



Choosing the Investments that are Best for You

We realize there is a lot to learn about investing your HSA. Prior to opening an HSA investment account, we encourage you to discuss your family's financial needs and goals with a professional financial advisor. You can also learn more with a wide variety of tools and informational resources at [Healthequity.com](https://www.healthequity.com).

Rollovers

You are allowed to roll over balances from any other HSA or MSA (Medical Spending Account) into the new HSA once every 12 months. If you are currently enrolled in a BorgWarner HRA plan, you will not be able to roll over HRA funds due to IRS regulations.



Don't Forget to Designate a Beneficiary!

When you open your HSA, you can designate a beneficiary – the person or legal entity who will receive your HSA funds in the event of your death. Designating a beneficiary is important to ensure that the funds in your HSA are handled and distributed as you intend. You can choose one beneficiary or choose multiple and assign percentages of the funds to each. Plus, you can change your beneficiary at any time through the member portal of app.



Watch for additional articles coming soon about the HSA and all it has to offer. All articles will be posted on the U.S Benefit Pulse page and [Borgwarner.com/benefits](https://www.borgwarner.com/benefits) as they become available.