

# LGBTQ+ financial stability and security: Using a health savings account to save for yourself and your chosen family

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## TRANSCRIPT

### SPEAKERS:

Nakia Tull (she/her)   Amanda Bell Smith (she/her)   Nick Whalen (he/him)

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**Nakia Tull (she/her):** Hello, everyone! My name is Nakia Tull, pronouns she/her, and I am a Community Leader here at Fidelity Investments, and I work on the Customer Inclusion Team. Our team is a dedicated group of leaders who is passionate about bringing our lived experiences to work to help our respective communities achieve financial wellness. I am super excited to kick off Pride Month programming with you today, and today's topic is going to be focused on the LGBTQ+ experiences, specifically when it comes to life events. So I wanna make sure that we're all grounded and are on the same page, so let's set some context here. The workforce is changing, and the "one size fits all" to benefits is no longer enough. And needs and circumstances differ, based on a variety factors such as priorities, gender, and family status, and that can go on and on, especially when we think about Gen Z entering the workforce. They're the most ethnically and racially LGBTQ+ diverse, which is really important for all of us to understand. And everything that we talk about today applies to everyone, even if you're not part of the community or identify as part of the community, maybe some of the folks around you do. Just to help us get grounded when we think about the data and insights that we'll be using today, we've worked closely with Daylight. And Daylight is an LGBTQ+ owned banking platform founded by queer millennials. They've helped provide some of the data and research that we'll share today, and just like everything else I just mentioned, we talked about life events, sometimes, life happens, and unfortunately, they're unable to participate with us today, but we're sending good vibes their way. But without further ado, let me introduce you to our dynamic panel today. I'll start with you Amanda, and just to add a little jazziness to it, tell us a little bit about yourself, and please share a fun fact.



**Amanda Bell Smith (she/her):** Hello, thank you, Nakia. My name is Amanda Bell Smith. My pronouns are she and her, and I lead the Health Savings Account Solution and Engagement teams here at Fidelity. My team is focused on engaging with our clients and their employees to drive awareness and understanding of HSAs and to help people afford their health care they need today and in retirement. So a fun fact about me is, I am a huge fan of English period dramas, obviously including *Downton Abbey*, and my family was lucky enough to travel, after two years of being home for the pandemic, to England this spring, and go to Cornwall and Bath, and especially to Highclere Castle, where we were able to tour where *Downton Abbey* was filmed, so we were very excited with our travels.

**NAKIA:** Nick, how about you?

**Nick Whalen (he/his/him):** Sure, Thanks. Thanks, Nakia. Thanks, Amanda. Hey, everyone. Happy Pride Month. My name is Nick Whalen. My pronouns are he/him/his. I am the LGBTQ+ Community Lead on the Customer Inclusion Team here at Fidelity. I've been at Fidelity for 11 years now, but I joined this team about a week ago, so I appreciate everyone's patience with me as we go through this today. I am super excited to be here and to represent a lot of the great research and insights that we've done as it relates to the LGBTQ+ community, and how we can think about long-term planning and making sure that we're able to hit our milestones and our life goals along the way. Fun fact: I grew up in Maine and this time of year, summer, always reminds me of raking blueberries in August. So where I grew up in Maine was the largest, or is the largest, exporter of wild blueberries in the country. So this time of year always reminds me of being young and my first job out on the blue-gray fields raking blueberries.

**NAKIA:** Awesome. Thank you so much, Amanda. Thank you so much, Nick. So we have English period dramas, and we have folks raking blueberries. Love it, love it, love it. So let's get started. Nick, tell us a little bit about some of the unique challenges facing the LGBTQ+ community when it comes to savings and wealth.

**NICK:** Yeah, thanks, Nakia. I'd love to set the stage a little bit and talk about the LGBTQ+ wealth gap here. I'm sure it's something that all of us feel, or as allies we see affect the LGBTQ+ community. So I think, before we jump into any specific examples, I think this slide does a really great job of laying out a framework that we can use to think about what might be causing some of these differences when it comes to financial planning and retirement planning and savings and investing for the LGBTQ+ community. Actually get that question a lot is what's really different about being LGBTQ+ when it comes to planning and managing your finances. And that's something that we'll definitely hit on today and give some specific examples as we go through, but I do think this framework here on this slide is really helpful at really setting this stage for it. So if you look over on the left-hand side, there's four key areas or key themes that ultimately create this wealth gap or create this inequality that exists that we have to sort of overcome a system that's really not been optimized to help LGBTQ+ individuals. And so just those four factors: income, savings, and inheritance gap, right? So that covers things like, maybe you came out to your family,

and your family is no longer going to support you, no longer gonna fund your college education, no longer gonna leave an inheritance, help you buy your first house, right? So that's where a lot of that sort of family dynamic can start to play in there or even see things like discrimination in the workplace where we see LGBTQ+ individuals aren't able to achieve the same career success as the general population. So that's covered in that top left one. There's also a market gap and what that means is the marketplace may not offer products and services that are catered to this audience, cater to LGBTQ+ individuals, so you may find that you're trying to use products and services that don't really feel like they're the right fit for you and that can ultimately lead to a little feeling, a little bit of a mismatch or having to try multiple services before you find one that you're comfortable with, or that works for you, which ultimately leads to more out-of-pocket expenses and can definitely feel like a disadvantage. And then finally, there's information gap and policy gap. So information gap is really something we're trying to solve with webinars like this today, right? Where we're trying to make sure that the access to information is helpful, is there, right? I think we recognize we are, we do have a lot of unique circumstances in the LGBTQ+ community, and we're really trying to make sure that we are trying to provide all the education and insights so that it really is a level playing field and that you're able to get the help that you need, and get the advice that you need, as you go through all the different phases of your life. And then, finally, the policy gap, right? The discrimination laws are still a patchwork, right? Some of it's handled at the federal level, some of it is still done state by state, right? Things like housing, adoption, things like that are still a little bit of a patchwork. So there really isn't yet policy parity for the LGBTQ+ community, and that can lead to a disadvantage up at multiple places along the way. So that's kind of the framework on the left-hand side, and just keep that in mind as we go through a lot of what we plan to talk about today. And then on the right-hand side, you see all the different phases that LGBTQ+ people go through in their lives. Not all of these apply to everyone who's part of the LGBTQ+ community, and some of these apply to everyone beyond LGBTQ+, right? So it's really just trying to show there are 10 major phases to think about. Things like getting an education, getting started, accessing credit, right? Gender-affirming care if you need that, starting a business, buying a home, building a family, etc., and planning for retirement, right? So all of these things you see on the left ultimately show up as challenges at each life event that you see on the right-hand side.

**NAKIA:** So this is really helpful, Nick. So thank you for the grounding there. I'm looking at the slide myself, and I am like laser focused on beginning and advancing a career. So I wanted to see if you might be able to share what impact LGBTQ+ individuals have early in their career or just starting out.

**NICK:** Yeah, it's a great question, and I think really those two, the first two go together, the getting an education and—oops go one more slide. Yeah, getting education, starting a career, really, really very related. So we'll kind of hit on both of those. Education remains a challenge for the LGBTQ+ community. Many LGBTQ+ youth are cut off from their families, right? And we see that in terms of statistics related to homelessness, self-harm disproportionately affecting LGBTQ+ youth, especially transgender youth, and especially when you add the intersection of being transgender and a person of color, right? So we see that that's certainly something that is a tough statistic that

needs work. I'd say the headwinds start early in life and then create a lifetime of having to climb uphill. You know, we mentioned the family rejection often means having to pay for school on your own as does if you find yourself homeless, having to overcome that, and then get into college and pay for that. So you have this disadvantage in accessing education really early in life, and then you also see some of the stats here around access to being able to pay for college, right? And access to loans and things like that, they still remain out of reach for many. So we definitely have a lot of headwinds here. That's not to say that there aren't plenty of LGBTQ+ people who do make it to college, who do graduate, who do have their families that take care of them but it is just something that a lot of people in the LGBTQ+ community are disproportionately affected by is this barrier to getting education. And the tough part about that is, it really does create a lifetime of having to then sort of try to overcome some of those early-on challenges. And if you go to the next slide, talking a little bit about starting your career, right? So if you're able to get an education and overcome some of those headwinds, you do have a higher chance of facing additional headwinds when you do end up starting your career. I think we've all experienced some level of discrimination in the workplace. Sometimes it's very unintentional, very slight, other times it's a little more visible and can definitely put a strain on your emotional well-being, your mental well-being, to have to deal with that. So there's certainly discrimination still exists in our society, and we're all part of the solution to make that better. But ultimately, it does still exist, and it does become a headwind for people who are in their careers, especially early on looking to advance their career. One other thing I'll mention is the ability for most companies to accurately report, and even understand how many LGBTQ+ individuals they have working there. How many help LGBTQ+ employees. It still remains something that's not federally required, so a lot of companies are tracking the number of LGBTQ+ employees. Some companies have started to ask, but certainly a lot of people are not comfortable sharing that, right, if they're not out, for whatever reason they may not want to be out at work. It makes sort of collecting that data really difficult, which can certainly lead to systemic discrimination that goes unchecked, because there isn't data to show how LGBTQ+ people are potentially rising through the ranks, or if they're getting equal pay, so a lot of that without data, it's hard to know kind of where things stand with LGBTQ+ employees.

**NAKIA:** This is helpful, Nick. We couldn't have made this up, but I saw a question come in as it relates to family planning in the LGBTQ+ community as well. Can you share with us a little bit about what's unique when it comes to family planning in the community?

**NICK:** Yeah, definitely. So we'll spend a little bit of time here. So there's a few different ways to think about LGBTQ+ families and we cover all three of them here. So just on the left-hand side, it's really—we'll take a look at some of the stats around how many LGBTQ+ individuals ultimately look to create a family. And how does that compare to the general population? Then we can talk a little bit about LGBTQ+ parents, and sort of what some of the challenges there are. And then we'll talk about parenting an LGBTQ+ child as a straight or cisgender opposite-sex parents of an LGBTQ+ child. What are some of the challenges that you need to navigate there? So the family conversation is definitely broad and there's a few different ways to slice it. But if you start over on the left, so there's a 1 million same-sex couples living together in the U.S. One thing, this doesn't

include this isn't a number of LGBTQ+ couples, right? So we're trying to be very intentional with the language here. In this case, it's same-sex couples, because that's the research that was done by the Census Bureau. And so, even though that may underreport the number of LGBTQ+ couples that are living together, we can still look at the rates of marriage within those same-sex couples and the rates of having children. And we see that within same-sex couples, there's a much lower rate of getting married to begin with, right? So a lot more people are living together unmarried who are same sex. And then there's also a much lower rate of having children. It's only 20% of same-sex couples living together have children compared to 40% of opposite sex. So if you look at those two things together, less likely to get married and less likely to have kids, I think what that means is you're more likely to be independent, right? And so I think, as you think about your—what does this mean for you? Planning is gonna be a little bit different as you think about what your situation might look like. You may need to think about how you plan more independently, whether it's paying for your own medical bills today, having a bigger emergency reserve, or even thinking about into retirement, right? So if you're unmarried and without kids in retirement, you just wanna be aware that that likely means you would want to save a little bit more for yourself to make sure that you're taken care of in the event that something happens. You have the funds there to take care of it. So just something in terms of how families are formed within the LGBTQ+ community. Like I said, we're seeing lower rates of marriage, lower rates of having kids. That's obviously changing every year, but we're still just sort of left over from those factors we talked about earlier: the policy factors, the market factors, etc. We're seeing that there's still a difference that remains today in terms of getting married and having kids within the LGBTQ+ community. So then we get into what it's like to be an LGBTQ+ parent. So just some stats there to set the stage. There's 2 million children being raised by at least one LGBTQ+ parent. So that could be one parent who's transgender, they can be one parent who's bisexual, could be same-sex parents. That covers sort of the blanket term. Within that, though, there are 200,000 specifically same-sex parents. This goes back to the way that the data was collected from the census. But what that gives us insight into that third bullet: 50% of same-sex households are not raising a biological child compared to less than 20% for opposite sex. So we are seeing much higher rates. I think we know this anecdotally. But we are seeing much higher rates play out in the statistics around having nonbiological children. And so what does that mean? That means adoption, which can be expensive. Surrogacy, which can be very expensive. IVF, etc. You know, the LGBTQ+ community is looking for ways to start a family, and those ways do come at a higher cost. And so you can compare that to the average out-of-pocket hospital birth. You know it's only \$3,000, right? So significant sort of hurdle to overcome to even start a family. And I see a comment. Yeah, so plenty of restrictions for adoption. Especially state by state, it still remains a patchwork, right? There isn't an overarching sort of federal law that's governing this. So it's something that you have to keep in mind and not just the financial aspect of it, right? It can be very emotional processes as well, where experiencing rejection from these adoption agencies is not something that ever feels great. So it's just something that not only comes at a higher cost, but also at a higher emotional cost. So one thing to think about as you plan for that, right, is to recognize there is a much higher up-front cost to even creating a family. And then, we're finding that a lot of same-sex couples or LGBTQ+ parents who are going with adoption, surrogacy, etc., are eating into their savings, right? Or eating

into their emergency reserve and ultimately impacting their overall financial plan. So one thing—or even potentially going into debt, right? So I think it's definitely a contributing factor to the LGBTQ+ wealth gap. Right? If you spend \$50,000, a \$100,000 on surrogacy, that's a pretty big up-front cost. And then, of course, kids are not free once you have them. They're actually very expensive. You will end up in an emergency doctor situation, you'll end up in emergency room, you'll have to get the bill for orthodontics, right? You'll—the costs only start once you have the family, but I think what's unique about LGBTQ+ is that there's such a big cost up front before you're even able to start your family. So just really think about that, and how you might wanna save for that. And then the right-hand side. Parents of an LGBTQ+ child. Right? So this is a situation that's only increasing. Given the prevalence of Gen Z identifying as LGBTQ+. So Gen Z is 20, you know, 20% of Gen Z identifies as LGBTQ+ compared to 7.1% of the overall population. So much higher rates of identifying as LGBTQ+ as well as identifying, you know, non-binary or expressing their gender in a way that matches how they perceive themselves. So there's nearly 2 million LGBTQ+ youth of which there's a 150,000 transgender youth, and you can imagine what's unique about the LGBTQ+ community is your parents are not likely to be also LGBTQ+, right? So you may feel a little bit alone. Kind of navigating or as a parent trying to help your LGBTQ+ child, you're gonna be out there using health care trying to help them with health care and you're going to be experiencing a system that's really not optimized for LGBTQ+ people. And you may have never had issues getting health care yourself, or doing planning, or trying to start a family, and you're gonna be helping your kids sort of go through some new experiences that you may not have had to have gone through. And so what does that mean? I think health care in particular is challenging for the LGBTQ+ community, especially transgender kids. You know, navigating that it's hard to find providers you trust, hard to find providers that you feel like empathize and care, and ask appropriate questions. So just being aware of that, if you are a parent. And then finding communities where you can find other parents of LGBTQ+ child, and I think that's true across the board here is, it can feel a little challenging, you can feel a little bit like you're having to navigate this on your own, whether you're an LGBTQ+ parent or a child, but finding other parents or other families who've gone through similar things through organizations like PFLAG or Family Equality, there's a lot of nonprofits out there that can definitely help make connections between parents and families. And just makes it easier.

**NAKIA:** So you know, Nick, you said a couple of things that I wrote down so, I wrote down adoption, surrogacy, IVF, and just more recently you hit on the cost of possibly transitioning. And so one question I had for you is, what is it like to navigate the health care system as part of the LGBTQ+ community? Individuals, families, anyone involved in process, parents?

**NICK:** Yeah, it's a great question and before we—part of that is this family planning, just kind of reiterating some of those expenses there, a lot of this isn't necessarily covered by workplace insurance plans. So, before you even engage with the health care system for yourself or for your child, you've already got these these costs that many of which are not even covered up front. If you want to go to the next slide, though. So sort of speaking specifically once you do wanna engage with the health care system, I think a lot of us have found that it's really not a system that's optimized to support LGBTQ+ individuals. I think we see the experience anecdotally, but to see

through statistics that discrimination—basically access to quality care, right? Whether it's finding doctors who make you feel comfortable, finding health organizations that can understand the unique challenges that you might have, it's definitely something that proves to be a challenge, and we see that show up in some of the statistics especially, frankly, during the pandemic; I think we saw some of these statistics get a little bit worse. But things like discrimination on the left-hand side. Discrimination is a barrier. 15% of LGBTQ+ Americans avoided necessary medical care due to fear of discrimination. You know, that's a tough statistic to see, right? There's a lot of people who had necessary medical care, and which is, you know, didn't want to have to go through the process, going to the doctor, you know, coming out to the doctor. Not sure how that's gonna go, experiencing potential discrimination, right? And then a lot of LGBTQ+ people are finding that their insurance plans aren't covering what's needed. So 3 in 10 LGBTQ+ Americans faced difficulty accessing necessary medical care due to cost. That's higher for the transgender population. 50% of transgender individuals were unable to access necessary medical care due to cost. And then the final bullet there. We're just seeing that it's a system that's really not optimized, I think, for a majority of the basic health issues. It's certainly standardized across the general population, but it's definitely not a system that is optimized for LGBTQ+ individuals. And you see, over 10% of LGBTQ+ Americans faced mistreatment by a doctor or health care provider, and that was 25% for transgender individuals. So definitely something that is changing, hopefully for the better as there are laws that go into effect that do prohibit discrimination in a health care setting. But there's a history there where that wasn't true, and there's certainly pockets of discrimination that exist. And a lot of people are able to find health providers who they trust and are able to find LGBTQ+ health care facilities that they can go to that they know the people working there are going to be trained on how to sort of talk to people, use the right pronouns, understand some of the unique challenges that are there. Just two quick, unique challenges I'll hit on just as kind of two examples, I think. So in the middle there, transgender experiences. The transgender people can spend more than a \$100,000 cumulatively to access gender-affirming care and gender-affirming surgeries. Not all of that is covered. Most individual surgeries are between \$1,500 and \$25,000. Some procedures can cost a \$100,000 and then 55% of transgender individuals were denied coverage for gender-affirming surgery. So I think this is something that we're seeing a lot of companies change their perspective in terms of what is covered, and what isn't. I think that the general trend is moving in the right direction. But it's certainly not there across the board universally. And even companies that do cover transgender, gender-affirming care may not cover all of it that's needed. So I think there's still work that needs to happen in this space in particular. And then I would say, the discrimination—on the right-hand side—discrimination and the impact on mental health. So we're finding nearly 50% of LGBTQ Americans reported discrimination had a moderate or significant impact on psychological well-being. And 1 in 3 LGBTQ+ Americans faced discrimination, and that's 3 in 5 if you're transgender. And then LGBTQ+ youth are two-and-a-half times more likely to report self-harm. So we're definitely seeing not only do you potentially face discrimination in the health care system, but there's also, you know, a mental health and, you know, there's discrimination that leads to ultimately mental health and needing to deal with some of those issues as well that I think often get overlooked as part of taking care of your health more broadly.

**NAKIA:** No, thanks, Nick. And I see some really good feedback on the content and the information being shared. So if you like what you've heard so far, a nice emoji would help, right? Get the energy up for everyone. Happy Pride. I want to start bringing Amanda into the fold as well. So Amanda, Nick covered a lot of information. He started with hitting on the wealth gap. The importance of career and education, family planning, and how unique it is to the community, and also he started touching on health care a little bit. And so I want to understand what can be done to help folks prepare specifically as it relates to health care and expenses. And when people think about the ability to afford health care, where should they start?

**AMANDA:** Great, Nakia. Thanks so much for the question. Yeah. You know, I think one of the first places that anyone should start when they are thinking about how to afford health care is actually understand what medical coverage that they have or coverage they have in their medical insurance and ideally before you need the care. Whether it's going to be for a planned procedure or unplanned medical expense, it's definitely beneficial to always know what your insurance is going to cover. And as Nick pointed out, make sure that you have medical professionals lined up that you trust, that they're in your network. You really don't wanna be in an emergency situation trying to navigate without those professionals that you trust. Things to know about health insurance that we put up on this slide here is, you certainly need to know what services are covered underneath the insurance plan. You need to know things like, what is your deductible? If you have copays or coinsurance, which of you will be responsible for paying out of your pocket and the out-of-pocket maximums. And which doctors or hospital groups are in your network for coverage. No matter if you got your medical insurance yourself, through your employer, or your spouse, or domestic partner's employer, or if you have purchased on the individual marketplace, all plans have these common elements, but you should know that coverage and amounts differ greatly. You should really take a look at the summary plan description or SPD. That will give you a lot of the information on what is covered. I think I saw a question coming through about where to start to ask those questions. That's good place to start. It will outline the types of coverages that are in that plan. And then, what's your financial or shared responsibility when it comes to those types of procedures. It is actually something people should do every year. Usually, when you go through what we call annual enrollment or open enrollment, you should take a few minutes and look at the plans that you have offered, you know, you have choices with. Understand the differences. You know, just as the needs of people are changing, maybe the needs of your family is changing. Employers, as Nick pointed out, are constantly assessing their plan coverage and making adjustments. So if a specific type of procedure or care wasn't covered last year, there may be something new in the next year in those plans and so you should take that 5 to 10 minutes to at least to read through that documentation. And then—sorry. And if we want to go to the next slide—I think, when we talk about all the amounts that folks have to pay out a pocket, because not everything is covered. As I said, there's always going to be copays or coinsurance; there are different ways you could actually save for health care expenses. You could easily have an emergency savings account, which could be just a personal bank or a brokerage account that you put money in yourself that you own. Your employer could be offering you a health flexible spending account. Or you could, if you are in a high-deductible health plan or HSA-eligible health

plan, you could open a health savings account as well. There's differences in each of these plans, or each of these account types. So I thought I'd highlight a few of the key differences between a health flexible spending account and a health savings account. The health flexible spending accounts are actually employer-sponsored benefits. You put money in pretax through payroll, but the funds are actually owned by your employer. So you could lose those funds if you don't spend them by the end of the year or if you leave your employer. The health savings account, on the other hand, is an individually owned bank or brokerage account that you open yourself, is also pretax funded and those funds are owned by you. So it's even yours if you leave your employer, if you change employers, if you retire, the money is yours, and it never expires. There are a couple of unique options here, too. A health flexible spending account—you cannot have an HSA if you have a health flexible spending account. But some employers offer what we call a limited purpose flexible spending account, and they can be used in conjunction with an HSA-eligible health plan and an HSA to pay for qualified medical expenses. Typically, they're limited to dental and vision expenses. So you could have both an LPFSA and an HSA at the same time to help afford the medical care. Other things to know about the HSA is that you can actually invest money that you have in your health savings account for potential growth into the future, and even better, some employees actually contribute to an HSA, which will help you actually build up the savings that you need for the medical care that you need in future.

**NAKIA:** Well, thank you for that. I know that there are three buckets here: emergency savings account, health flexible spending account, and health savings account. So I believe, right, and I don't want to put any pressure on you. You are our resident expert HSA panelist. Can you talk a little bit more about how an HSA actually works at a high level?

**AMANDA:** Thanks, Nakia. I can. I believe that's why you invited me too, actually right, was to talk about HSAs. I had to add that in. Sure, I just wanted to cover high level—some of the high points of health savings accounts, how it works. So one, to have an HSA or to contribute to an HSA, you must be enrolled in an HSA-eligible health plan. As we said, that also can be called a high-deductible health plan. There are three key things to know about HSAs is that your money actually goes in tax free, you can use that money tax free for paying for qualified medical expenses, what we call QMEs, and money can grow tax free when invested. That's what we call the triple tax advantage for an HSA. So let me dive a little bit deeper into how to contribute and spend, and what that means for growth. So you can contribute through pretax money, through your employer, if your payroll is available, or you can actually do post-tax. You can put money in after you get your paycheck and put it in yourself. But either way you put money into your health savings account, it will all be pretax, and it comes off of your income when you file your taxes at the end of the year. As we mentioned before, many employers actually make contributions to your HSA, which can be significant. And one of the key things that you can do is that you could actually contribute and reimburse yourself for qualified medical expenses you've already paid out of pocket. So let me bring that to life for a moment. Let's say that you had an HSA opened and you didn't really—you didn't have much money in it, but you or your child needed to go to the emergency room, and you need to pay that bill. You can actually pay that bill, and then go back to your HSA and put the

money in your HSA and reimburse you for that after the fact, as long as your HSA was open at the time that you had the medical expense. When you go to spending the note, as we said, money can be used tax free for paying for qualified medical expenses and there's just really a broad range of qualified medical expenses. It's definitely doctors and dentist visits, prescriptions that you have every month, mental health therapy, gender-affirmation surgery, contact lenses—even Band-Aids can be a qualified medical expense. And so there is a broad range that you can actually save and spend on everyday items up into the bigger medical procedures. And then, as I mentioned, there is potential growth. You can take your money in your HSA. You can invest it in a broad amount of investing—mutual funds, stocks, bonds—and then the potential growth is tax free. When we talk about taxes on this, I will note that that's in regards to federal taxation. State by state, it's a little bit different. So you definitely need to talk to your tax advisor there. And up on the upper right, you can see there are maximums set by the IRS and the limits that you can contribute each year, and you can see what those are there for 2022 and 2023.

**NAKIA:** Thanks, Amanda. Nick, I want to transition to you and talk about some of the challenges the LGBTQ+ community faces when it comes to the ability to afford health care. Can you hit on that a little bit?

**NICK:** Yeah, absolutely. And I'm going to definitely lean on Amanda here for some help with this in terms of thinking about how to use an HSA to help this. But I think one of the things we've seen through research is the need to often see multiple providers, right? Maybe the first provider you went to, it just didn't jive with, right? Or maybe you just didn't get a feeling where you were very comfortable, right? So you want to be able to see another provider or you need to see a specialist, or you want second opinions, right? I think navigating health care for the LGBTQ+ population is a little more difficult and often requires more appointments. So, Amanda, how can we use an HSA to maybe help cover some of those additional costs that may go above and beyond what your insurance covers?

**AMANDA:** Yeah. So we talked about it a little bit here, we're on this chart about short-term, medium-term, and long-term, and how an HSA can help you. There's a couple of scenarios we can walk through here, but what we said is, you can contribute up to the IRS maximum in your HSA, and we encourage folks to be sure to put money in your HSA so that you know you're covered for your current costs. So like if you had recurring prescription costs, or you know, you have children, and they're accident-prone, you want to be sure you put money in there to cover those for the short term. But it's also we recommend starting to invest that money. As we talked about, there's that potential growth, and you can start to invest a very, very little bit of money every month and every year, and that actually will grow to help you out as you think into the, you know, further down in years that can help cover. So we have a chart here saying, put money into your HSA to cover your current expenses, but start investing as little as \$50 a month, or \$600 a year, and if your employer gives you contributions, invest those as well. And then you can see that in about three years, depending on the market and what you invested in, you actually probably have about enough money to cover most likely your deductible, or possibly even your out-of-pocket

maximum for plan medical expenses. So it does grow quickly. It can grow quickly, I should say, and can help you actually plan for medical expenses a little bit further out.

**NICK:** Yeah, that's great, and I think some of the numbers that we saw earlier were pretty significant in terms of their costs. So, can you speak a little bit of this example versus if you were to maybe contribute more or closer to the max, you know, how you might be able to cover sort of those more expensive procedures, either meet medium term, maybe some of in the medium term?

**AMANDA:** Sure. Yeah, you know, we use a very conservative example, as I said. As you know, investing \$50 a month. So you certainly could contribute to the max, or something or more closer to it, and invest all of that, if you know there's something that you're trying to plan for for for either, excuse me, further out. And you can see here in 10 years you'll get to that \$20,000. It's certainly, you know, the more you invest, the quicker this line will grow up, and you could probably start to hit that in less time. Again, it is depending on what you're invested in but also, I think, Nick, you talked about it in one of your earlier slides about thinking about into the future. If you're planning for retirement, if you have to plan that, for as an individual there is thoughts about how much do you use your HSA to actually plan into that retirement? You know, 30, 35 years out possibly, and the money that you're gonna need to pay for your qualified medical expenses then in retirement. And one of the things I don't believe I said it earlier, but we talk about using your HSA to pay for qualified medical expenses in the short term, and certainly in retirement that's tax free. You can actually use money in retirement from your HSA to pay for other expenses, nonqualified medical expenses. It will be penalty free unlike some of the other retirement vehicles, but you'll pay taxes on it once you're 65. So it's also way to save generally for retirement, as well.

**NICK:** Great. Thanks.

**NAKIA:** Thank you. I believe that we're almost ready for a little bit of a Q&A. And so one, first and foremost, thank you for sharing your experience and your knowledge, so far. Thank you, Amanda. It is not over yet. So before we transition to Q&A, please take a look at the bottom of your screen. Use the Q&A feature. We'll try to get to as many questions as we can, but in summary, this is what I've heard so far as a recap. So one, we talked about the importance of the wealth gap, and how it is made up of four main underlying gaps. So we talked about income, savings, and inheritance, the market gap information, gap in capital policies. We talked about health care and family planning, and how it can be a little more challenging in LGBTQ+ community, and we also talked about solutions as an example, using an HSA to help with some of the nuances in the community that was discussed. So with that said, if you have any questions for the panel, please do so now. I do see a few in the queue and thanks for the shout-out for the webinar that you like what you hear so far. So I'm gonna look at the first question. One of the ones that I have here is, my daughter is LGBTQ+ and interested, and I am interested, in learning how I can help save for her with my HSA. Any takers on that one?

**AMANDA:** Yeah, I'll jump in, Nakia, and then and see if I can help you answer the question. So if your daughter is covered under your plan as a family coverage, and she's your dependent, then your HSA actually can be used for their medical expenses as well. So and I don't know if that, you know in that situation if this works. You know, if your daughter is no longer your dependent, I think it's helping her understand how health care works, and how an HSA could, how she can open up an HSA and start saving for herself. But dependents are covered by your HSA.

**NAKIA:** Excellent. Thank you. Another question I have here. Are there any limitations to HSA transfers in retirement if the recipient is not currently part of your family or a beneficiary?

**AMANDA:** So yeah, let me think about that question for a second. Are there any limitations for transfer in retirement?

I think I'm understanding the question correctly. An HSA is a personal brokerage account. You can—you should always list your beneficiary. I do not believe—but we can double-check and make sure we get it out there—I don't believe that there is any limitation on who you can name as your beneficiary, just as with any other personal brokerage account. But I think it's a great question, Nakia. Not what I've been asked, but I believe it's true, there's no limitations on beneficiaries named. Hope that answers that question.

**NAKIA:** Well, thank you for that. There was a question as well as far as an HSA paying an ER bill. If your insurance pays a portion of the bill, would you still be able to get reimbursed by your HSA?

**AMANDA:** Yeah, so you can get reimbursed for the money that you spend out of pocket. So if you had a shared responsibility for paying for that bill, so let's say your insurance, maybe you have a 20% copay, or 20% coinsurance, your insurance covers the 80%, and you can certainly use your HSA for that other 20% that you had responsibility for.

**NAKIA:** Excellent. Another question here. Can you provide an example, maybe a personal example if you want to share, on how an HSA was used?

**AMANDA:** Sure, I'll let—hey, Nick? Do you want to share one and I can share one as well? Just so I'm not the only one to answer all the questions I didn't know.

**NICK:** Yeah, I'll throw one out there, and I see another question that I maybe can hit two birds with one stone here. As a graduating college student, what initial steps should I take for health care at the beginning of my career? So you know something that I definitely used the HSA for is to sort of shop around care and find—and ultimately find a primary care doctor that I feel very comfortable with. We're lucky here in Boston and I think in a lot of bigger cities there do tend to be LGBTQ+ health care facilities that cover most of your needs. And just the difference in getting care from one of those facilities versus one that doesn't cater to LGBTQ+. It's a comfort thing, right, and if you're, you know, you can expect if the individuals working at the LGBTQ+ health care facility are

trained to have the right conversation, to make you feel comfortable, it's definitely something that matters. And so when I first started using the health care system, I didn't look for an LGBTQ+ health care facility, and I in hindsight was definitely not getting the care, you know, the same quality of care that I should have been expecting to get. So that's something that I did that both, you know, I used some of the HSA funds to be able to get some appointments that maybe were either didn't meet the deductible or weren't technically in network, things like that. I was able to use the HSA funds to cover some of that, but also once I did find that LGBTQ+ health care facility, it just really sort of changed my experience using the health care system significantly for the better.

**NAKIA:** Thanks for sharing that.

**AMANDA:** I can—you want me to drop? I can weigh in another one, if you'd like. So I actually was—I'm a breast cancer survivor, got breast cancer at a young age. I actually was in a high-deductible health plan, and you know, very concerned what that meant with those types of expenses. But I had money in my HSA that covered my out-of-pocket maximum, so I was able to go to an in-network facility locally that was very good, and use my HSA to cover the unexpected expenses of that. So I can personally say that it's a great way to start and to have that cushion when something truly unexpected happens.

**NAKIA:** Awesome. Thank you. A question about balance when it comes to HSA and 401(k). How much money should I contribute to my HSA? I know you shared that a little earlier. How much should I balance my HSA and 401(k) contributions?

**AMANDA:** Yeah, that's a great question. So I would—so let's talk about where to put the money versus your HSA versus your 401(k). So our perspective is that you really, you know, if your 401(k), if your employer, is giving you a match and free money, you certainly should take advantage of that, and try to get the maximum of your employer's match in your 401(k). But at the same time, you're still gonna have medical expenses, so we would say, if you can afford it, to go ahead and put money in your HSA to cover what you're gonna have as current medical expenses, your routine care for sure that you're expecting that here. Once you've gone above your employer's match on your 401(k), our suggestion is to take any money that you still have left that you can invest for medical expenses or save for retirement into your HSA because of its other tax advantages. So it's certainly to—everyone has a different budget, a different amount of money that they can actually save for retirement and for expenses, but that's usually how we call the saving prioritization. I think that answered the question, Nakia.

**NAKIA:** I think it was pretty thorough, Amanda. Thank you. Is counseling covered by an HSA?

**AMANDA:** It's a great question. I'll have to take that back and double-check on that one, for sure. I believe it is, but we'll have to look it up. Maybe we can get it while we're still on the webinar here if it's a qualified medical expense.

**NICK:** Yeah, Amanda. Do you want to hit on kind of what determines coverage for HSA expenses versus employer coverage and just kind of maybe hit on the difference there?

**AMANDA:** Oh, yeah, that's a great point, Nick. We didn't talk about that earlier, did we? Yeah, so we've been using that term "qualified medical expense" a lot, or "QME." That is actually determined by the government, not by your employer. So there is two different things there. There is what is covered under your health plan by your employer. Those are covered services. But what you can use your HSA for any qualified medical expense. So, as we've said, your employer may not cover gender-affirming surgeries or care. But it is a qualified medical expense from the IRS. So, even though your employer may not contribute toward that sort of procedure, you can use your money in your HSA for that sort of procedure. So there is a difference there, and there is a pretty robust list provided by the IRS. Very easy to Google and get to. They'll actually talk and walk you through all the qualified medical expenses.

**NAKIA:** Excellent.

**AMANDA:** I see the answer to the therapy questions. Yes, I think—so our help behind the scenes said mental therapy visits and transgender counseling are qualified medical expenses.

**NAKIA:** Thank you. Another question as relates to HSAs. So HSAs sound great, but I'm not in the right health plan right now. What do I do?

**AMANDA:** Yeah. So when you have open enrollment or annual enrollment, or if you have a qualifying life event—having a baby, getting married, changing jobs—all those will actually give you the ability to select your health insurance. You should look to see if a high-deductible health plan, or HSA-eligible health plan is offered to you. There's certainly—if you get your coverage off the individual marketplace—those are certainly available there. But I think that's really looking through your plan choices during that annual and open enrollment. And also know, a lot of times, there's no standard naming convention on that so you may not know you have access to a high-deductible health plan through your employer. They may call it by their name, their employer plan, or savings plan, or a different name. So you sort of have to look at the information provided during the annual enrollment period to see if there is a high-deductible health plan offered, so it can be a little tricky.

**NAKIA:** So, thank you for that. Let me see any other questions in the queue here. You mentioned this before, but if you could hit it one last time. How do I find out what is covered?

**AMANDA:** Yeah. So the best way to find out actually what is covered on your insurance plan is read what we call an SPD or a Summary Plan Description. So that would be the document that goes along, that walks you through the coverage and your share of responsibilities. A lot of times your employer will have a smaller version of that that highlights the differences of the different

plans, but it's definitely looking through that material provided from your employer. Usually you can find it on the benefits site or on your insurance site as well.

**NICK:** And then, Amanda, I see one here that I think we touched on. We can expand a little more. Can an HSA be invested like other accounts? And can I use my HSA after a procedure and reimburse? So maybe kind of hit both of those.

**AMANDA:** Sure. Yeah, an HSA just like any brokerage account can be invested. And so you certainly can do that. And as I said, there's a range of options, especially here at Fidelity on investing. At Fidelity, we have options that we have no minimums and zero fees on options to invest as well. So you certainly can do that. Yes, you can use your HSA to pay after your surgery, as long as the medical event, a procedure that you had, you actually had your HSA open at that time. So most of us do pay for our medical care after it happens, when you get the bill, so that's fairly common. You just need to have had your HSA—be in the high-deductible plan—but have your HSA open.

**NAKIA:** Excellent. Do we see any other last questions in the queue right now?

**NICK:** Nothing's jumping out. But I definitely appreciate the questions from everyone.

**NAKIA:** Yeah, no, I appreciate it. And so thank you all for submitting. So first and foremost, thank you all for attending today. It has been super incredible. We can't do this without you. To our dynamic panel, Nick and Amanda, thank you so much for the time and the, one, personal examples, and just some of the data and insights that you shared with us today. Thank you to the Fidelity team here. This can't happen by itself y'all, trust me. We cannot do without a team of folks behind the scenes making it come to life. So thank you for all of you. And what I will say is we're on a journey together. Financial security isn't always a clear path and it can be especially true for individuals who are part of the LGBTQ+ community and their families; and as they navigate the complex challenges on the journey toward financial and total well-being. So we want you to know that we, all the folks here, and everyone at Fidelity is dedicated to supporting financial security for all. A couple of housekeeping items. This session will be recorded and be shared as soon as possible. Once we get it edited and approved, we'll send that out to you all. And lastly, stay safe out there and Happy Pride. Talk to you soon. Have a great day.

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