

How Medicare Impacts Your Health Savings Account

When you turn 65, you become eligible for Medicare. You can keep your HSA after you enroll in Medicare, but you can no longer make contributions. Everything else stays the same — the funds are still yours, you can still invest them or use them for eligible medical expenses, and you can still use your account as a way to transfer your wealth to your beneficiary(ies).

If you enroll in Medicare mid-year, you're still eligible to contribute, but you will need to adjust your contribution limit based on the number of months you are not enrolled in Medicare.

For example, if you have a single high deductible health plan (HDHP) and enroll in Medicare on July 1, 2021, you may contribute up to 6/12th of the annual contribution limit for the 6 months you weren't enrolled in Medicare ($\$3,550 \times 6 / 12 = \$1,775$). If you wish to contribute the \$1,000 catch-up contribution since you are over age 55, this should be prorated as well ($[\$3,550 + \$1,000] \times 6 / 12 = \$2,275$). If applicable, be sure to stop or adjust employer contributions or any other automatic contributions.

Medicare enrollment, not eligibility, is what disqualifies you from being eligible to contribute to your HSA.

If you wait to enroll in Medicare Part A, B or D, you can still contribute to your HSA just like normal. Please note that if you are currently receiving Social Security monthly benefits, you cannot opt out of Medicare Part A. When you do enroll in Medicare, your coverage will retroactively cover you from when you turned 65.

So, if you plan to wait to enroll in Medicare, make sure to follow the guidelines below for stopping your HSA contributions:

- If you plan to enroll in Medicare less than 6 months after you turn 65, stop making contributions when you turn 65.
- If you plan to enroll in Medicare more than 6 months after turning 65, stop making contributions 6 months before you plan to enroll in Medicare.
- If you know you have already mistakenly over-contributed, contact the benefits office at benefits@duq.edu for assistance with an Excess Contribution Removal Form. If form is completed prior to filing your taxes you will not be penalized by the IRS.

After Medicare enrollment, you can use your existing HSA funds to pay for Medicare and IRS-approved health insurance premiums.

Once enrolled in Medicare, your premiums for Part A, B, D, and Medicare Advantage Plans are considered eligible medical expenses that can be paid with your existing HSA funds for both you and your spouse. However, you cannot use HSA funds to pay for Medicare supplement (Medigap) premiums. If you are eligible for any employer-sponsored health insurance, these premiums are also considered eligible medical expenses.

Leaving the University – Next Steps with Your Health Savings Account

When you leave the University, the money in your health savings account is yours to keep, and rolls over year after year. You can continue to use it for qualified medical expenses for you, your spouse, and your tax dependents, and your account will remain open until you choose to close it. Just note that the University has been paying the monthly \$1.65 administrative fee for your account, so you'll be charged with the fee each month once you leave.

If you have a HDHP through a new employer with an HSA administrator other you can:

1. Have two health savings accounts
2. Roll over money from your current HSA to a new one

Contact Wex (insert telephone number) for additional information.