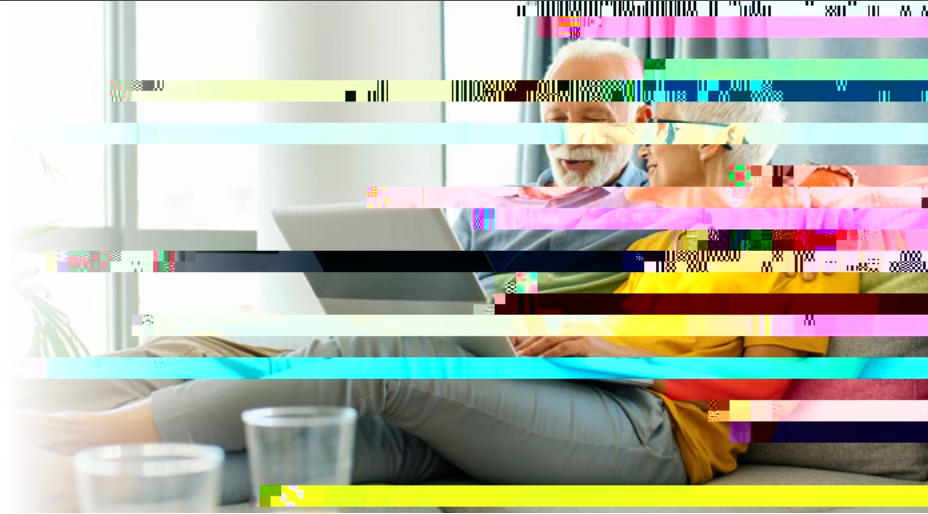


Medicare eligibility and your HSA



Contributing to an HSA past age 65

If you want to continue to contribute to your HSA, you must not enroll in Medicare. There is a distinction between being eligible for Medicare, and being enrolled. You become enrolled by filing an application or being approved automatically. Receiving Social Security benefits also automatically enrolls you in Part A. If you are not enrolled in Medicare and are otherwise eligible to contribute to an HSA (by being enrolled in a qualifying health plan), you can continue to contribute to your HSA after age 65. Important: Enrolling in Social Security after age 65 or later automatically enrolls you in Medicare Part A, and the enrollment can be retroactive up to six months prior to signing up for Social Security.

Medicare enrollment

Once you are enrolled in any part of Medicare, you will not be eligible to contribute to an HSA in the months following your Medicare effective date. A pro-rated contribution must be determined for the year in which Medicare becomes effective (see reverse side for more details).

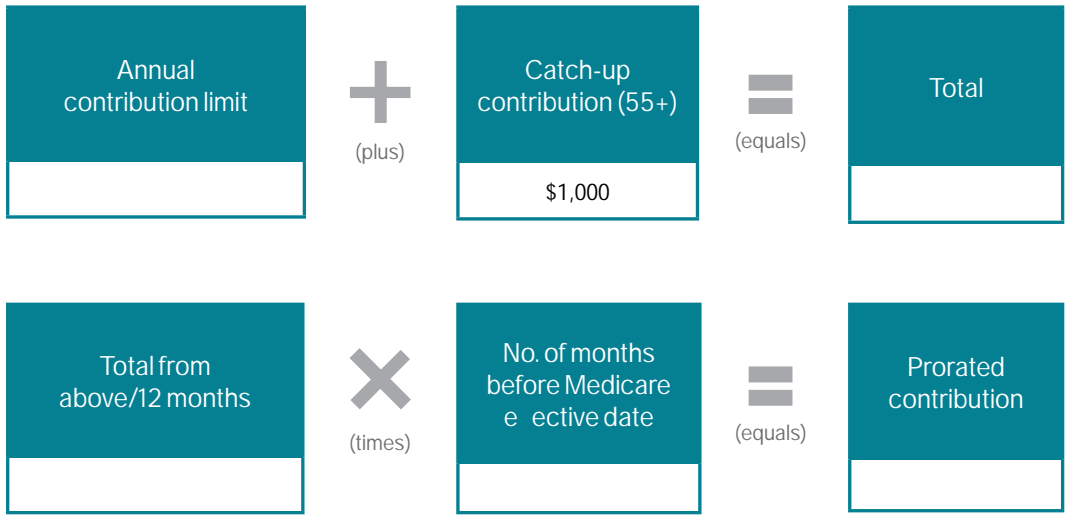
If you are receiving Social Security payments prior to age 65, you will automatically be enrolled in Medicare when you turn 65 and will not be able to contribute to an HSA. You can always spend from your HSA for qualified medical expenses and, at age 65, you can also take penalty-free¹ distributions from your HSA for reasons other than medical expenses. You'll just need to pay income taxes, much like a 401(k).

Q: If I become enrolled in Medicare, how do I determine my pro-rated contribution?

A: When you become Medicare enrolled you will need to pro-rate your contributions to include only the months you are eligible to contribute to avoid tax penalties.

Use the formula below to find your pro-rated contribution amount:

$$\left(\text{Annual contribution limit} + \text{Catch-up contribution (55+)} / 12 \text{ months} \right) \left(\frac{\text{No. of mos. before Medicare effective date}}{12} \right) = \text{Prorated Contribution}$$



Q: Do pro-rated HSA contributions need to be made prior to my 65th birthday if Medicare will be effective as of that month?

A: No, contributions can be made any time up until your tax filing deadline (April 15th).

Pro-rated HSA examples

Bill turns 65 on August 27 and enrolls in Medicare. He is no longer eligible to contribute to his HSA as of August 1. His maximum contribution for the year would be 7/12 (he was eligible seven twelfths of the year) times the applicable federal limit. He may include the catch-up amount of \$1,000 since he's over the age of 55.

Rachel turns 65 on April 1 and enrolls in Medicare. She is not eligible to contribute to her HSA beginning March 1. Her maximum contribution for the year would be 2/12 (two twelfths of the year). She may include the catch-up amount of \$1,000.

I am covered by an HSA qualified health plan with an HSA. My spouse is enrolled in Medicare and also covered under the HSA qualified health plan. Can I still contribute to my HSA?

