Medicare and HSA

As you approach retirement age your health plan needs will be changing. It is important to understand how Medicare may impact your HSA. By law, people enrolled in Medicare are no longer allowed to contribute to an HSA. Use the following information to determine when you should cease contributing to your HSA and how you should manage and utilize the account going forward.

Contributing to an HSA

Overview of IRS rules regarding Health Savings Accounts

ARE YOU 65 OR OVER?

(If you or your spouse are 65 or are approaching age 65, seek the advice of a tax professional before making any decisions.)

NO

I am an active worker.

HSA Account — If you are enrolled in an IRS-qualified high-deductible plan and do not have coverage other than a qualifying HSA high-deductible health plan (including a spouse’s Flexible Spending Account), you may continue to contribute to an HSA until you turn 65 (for details, see boxes at right). If you have an HSA through SelectAccount, your employer-sponsored account will become an individual account upon retirement, and you will be responsible for account fees.

Health Plan — Upon your retirement, refer to the health benefit information you receive in your retirement packet.

You may contribute to an HSA up to the IRS maximum if you are enrolled in an IRS-qualified high-deductible plan and do not have coverage other than a qualifying HSA high-deductible health plan (including a spouse’s Flexible Spending Account).

YES

I am still an active worker but receive Social Security benefits and have been automatically enrolled in Medicare Part A.

HSA Account — You CANNOT fund an HSA.

Health Plan — You may remain in an HDHP.

Are you enrolled in Medicare Part A, B, D, or any other Medicare benefit? (Check with the Social Security Administration to verify.)

YES

NO

I am still an active worker and do NOT receive Social Security benefits.

HSA Account — You CANNOT fund an HSA.

Health Plan — You may remain in an HDHP.

HSA Account — If you are enrolled in an IRS-qualified high-deductible health plan, you may continue to fund an HSA.

Health Plan — You may remain in an HDHP.

→ Note: If your spouse is age 65 or over and has applied for or begun receiving Social Security benefits (and is enrolled in Medicare), he or she cannot contribute to an HSA. You may contribute up to the family maximum provided your spouse is enrolled as your dependent under your HDHP coverage.

→ Post-deductible Medical FSA: A post-deductible medical FSA can be offered alongside an HSA and provides reimbursement after the annual health plan deductible has been satisfied. It can also be used for eligible dental and vision expenses before the deductible has been met.