

Medicare and Health Savings Accounts

If you are eligible for Medicare and contributing to a Health Savings Account (HSA), there are important timelines you should consider as you plan your HSA contribution strategy.

Question	Answer
Do I lose HSA Eligibility at age 65?	Not necessarily. <i>As long as</i> you are not <i>enrolled</i> in Medicare Part A or B, or another disqualifying health plan, you can still contribute to an HSA.
Does Medicare enrollment disqualify me from contributing to an HSA?	Yes. Most people become Medicare eligible when they turn 65. Some people choose to delay enrollment, but once you enroll, you can no longer contribute to an HSA. You can still be covered under Medicare and make withdrawals from your HSA balance.
What happens if I delay Medicare enrollment and maintain HSA eligible coverage? Can I still contribute to an HSA?	Yes. Keep in mind: Once you do enroll in Medicare, your coverage will be retroactive to 6 months' prior (but no earlier than the month you became Medicare eligible, which is typically your 65 th birthday). You are automatically enrolled in Medicare once you begin receiving Social Security Benefits. Carefully consider timing this to avoid tax penalties. You should also speak with your tax advisor regarding delaying Medicare enrollment and potential penalties for late enrollees.
Do some people become covered by Medicare plans before age 65?	Yes. If they are: <ol style="list-style-type: none"> 1. Receiving Social Security benefits 2. Receiving Railroad Retirement Board benefits 3. Diagnosed with ALS or Lou Gehrig's disease 4. Enrolled in Medicare due to an end-stage-renal-disease (ESRD) diagnosis
Do I need to prorate my annual HSA contributions to align with my Medicare coverage date?	Yes. Your last HSA contribution should be the month prior to being covered under a Medicare plan. Include the retroactive coverage period in your calculation of this timing.
How do I prorate the HSA Contribution maximum?	Divide the annual self-only or family HSA limit by 12. Then multiply this amount by the number of calendar months you were HSA-eligible. This is your prorated limit.
Do I need to prorate my catch-up contribution?	Yes. Divide the annual catch-up limit by 12. Then multiply this amount by the number of months you were HSA-eligible. This is your prorated catch-up contribution.
When prorating, do I count my 65 th birthday month as HSA "eligible."	Depends on when you enroll. Any month you are enrolled in Medicare will <u>not</u> be counted as HSA "eligible."

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