

# Health Savings Accounts and Medicare

Is it time to enroll  
in Medicare?



## Is it time to enroll in Medicare?

Your enrollment in any part of Medicare (A, B, C, or D) makes you ineligible for HSA contributions, including employer funding. This is true even though Part A is free for most people.



Enroll in Medicare Part A and Part B, and a High Deductible Health Plan (HDHP), to qualify for an HSA. You should get a letter in the mail from Medicare prior to your 65th birthday explaining the rules to avoid late entrance penalties. You should also check with your employer to make sure your HDHP coverage is considered "creditable" for Medicare Part D (prescription coverage). Medicare requires creditable prescription coverage in order to avoid late enrollment penalties.



Enroll in Medicare Part A and Part B, and a High Deductible Health Plan (HDHP), to qualify for an HSA.

You should seek advice from your financial adviser and Social Security to determine if postponing Social Security/Medicare benefits is the right option for you. *See the back for other important disclosures.*

# What happens after I enroll in Medicare?

## C. Example



You become ineligible for HSA contributions the first day of the month your Medicare is effective.

EXAMPLE: You enroll in Medicare on 8/1/23. Until 8/1, you had an HDHP with self-only coverage (\$3,850 annual contribution maximum plus \$1,000 catch-up contribution). Your 2023 contribution limit is \$2,829 ( $\$4,850 \div 12 \times 7$ ).

EXAMPLE: Your Medicare is effective 8/1/23. Until 8/1, you had an HDHP with self-only coverage (\$3,850 annual contribution maximum plus \$1,000 catch-up contribution). Your 2023 contribution limit is \$2,829 ( $\$4,850 \div 12 \times 7$ ).

If you have a Medicare Part A or Part B enrollment period, you may be able to contribute to your HSA until the first day of the month your Medicare is effective.

However, check with your employer to find if you are eligible to sign up for the Healthcare FSA program, so that you can preserve your HSA for expenses after you quit working, and still get a tax advantage for this year's expenses.

If you have Medicare Part A or Part B coverage, you may be able to contribute to your HDHP HSA until the first day of the month your Medicare is effective.

However, contributions to HSAs are tax-deductible, so anyone including you could contribute to your spouse's HSA. To open a new UMB HSA, contact the HSA Service Center at **866.520.4472**.

## D. Example

EXAMPLE: You have Medicare Part A and Part B coverage. You are not eligible to contribute to your HSA until the first day of the month your Medicare is effective.

This includes Medicare premiums for you and your spouse or COBRA premiums for your spouse/dependents. Your HSA can't be used for Medigap/Medicare Supplement premiums.

At age 65, you may be able to contribute to your HSA until the first day of the month your Medicare is effective. However, contributions to HSAs are tax-deductible, so anyone including you could contribute to your spouse's HSA. To open a new UMB HSA, contact the HSA Service Center at **866.520.4472**.

All mention of taxes is made in reference to federal tax law. Please check with your state's tax laws to determine the tax treatment of HSA contributions. Neither UMB Bank, n.a., its parent subsidiaries nor affiliates are engaged in rendering tax advice or advice regarding your Social Security or Medicare benefits. Please consult your tax adviser, Social Security Administration, and Medicare.