

Benefits

Health Savings Account (HSA):
Triple Tax Advantage Beyond Age 65? Maybe . . .

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Turning age 65 doesn't mean you have to stop contributing to your Health Savings Account (HSA).

If you work for an employer with 20 or more employees and you remain continuously covered under your employer's creditable HSA-qualified High Deductible Health Plan (HDHP), the IRS considers you eligible to continue contributing to your HSA as long as you are not enrolled in Medicare.

Ordinarily delaying enrollment in Medicare carries with it significant late enrollment penalties that last a lifetime. However, late enrollment penalties are not assessed when you defer Medicare enrollment due to remaining continuously covered under creditable employment-based group coverage from an employer with 20 or more employees.

This is great news if you'd like to continue to realize the power of HSA's unique triple tax advantage for as long as possible. This is possible because unlike other tax-advantaged savings vehicles (401(k)s, IRAs, etc.), HSAs do not have age-based required minimum distributions. This means that you may continue to add to your HSA balance for it to continue to grow on a tax-favored basis indefinitely until you decide to use the funds. Then when you need them, funds come out of the HSA on a tax-free basis to pay for qualified health, dental, vision, long-term care and certain Medicare-related expenses.

The 2022 IRS published HSA annual contribution limits are:

For those with Self-Only Coverage under an HDHP:	\$3,650
For those with Family Coverage under an HDHP:	\$7,300
Additional "catch up" contribution for those age 55+:	\$1,000

It's very important to get this decision right on the front end if you want to continue contributing to your HSA beyond age 65. Once you enroll in Medicare, even if it is in only for the usually no-cost Part A, you cannot go back and un-enroll. Of course, everyone's situation is unique so be sure to speak to your SFP Advisor to discuss a strategy that is right for you.

Here's a link to a helpful document created by Center for Medicare & Medicated Service (CMS) that administers Medicare to help people determine whether to enroll in Medicare: "Fact Sheet: [Deciding whether to enroll in Medicare Part A and Part B when you turn 65](#)"



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