

# Working After Age 65

## Health Savings, Social Security, Medicare & You

### A Closer Look

Benefit Information



- Before the tax-savings wonder that is the health savings account (HSA) was introduced, it was a generally accepted best practice for any worker who wasn't already collecting Social Security at the age of 65 to go ahead and sign up for Medicare Part A (hospital insurance), regardless of other coverage.
- By being "in the system," the person was more likely to avoid penalties for late enrollment in Part B (medical insurance), Part D (prescription drug coverage), or other Medicare policies if he or she continued working with employer-provided health care coverage, with no additional cost in premiums (since Part A is free).
- But with an HSA it can be a little tricky.....

# Medicare's Tricky rule on HSA's after age 65

## A Closer Look

Benefit Information

### KEY FACTS AFFECTING MEDICARE & HSA COORDINATION:

- HSA contributions (**including employer-provided ones**) are **disallowed** when other coverage is in place, including Medicare Part A. Workers can still enroll in HSA-eligible plans and use funds already in HSAs for eligible expenses; they just can't contribute further once they are enrolled in Medicare.
- A worker enrolling in Social Security upon reaching full retirement age will automatically be enrolled in Medicare Part A and consequently cannot make HSA contributions.
- There is a six-month lookback period (**but not before the month of reaching age 65**) when enrolling in Medicare after age 65, so a best practice is for workers to stop contributing to their HSA **six months before** the month they apply for Medicare to avoid penalties.  
**Note:** that the month of *application* is what is used to calculate the six-month lookback, not the month the applicant wishes to begin benefits.
- Signing up for Medicare Part B when first eligible avoids lifetime penalties.  
**Note:** generally speaking, workers are able to defer Medicare past age 65 if they work for an employer with 20 or more employees while also enrolled in a group health plan based on that employment.  
However, workers **must take action** to enroll upon leaving that plan in order to avoid lifetime penalties for late enrollment in Medicare Part B.

# Medicare's Tricky rule on HSA's after age 65

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#### KEY FACTS AFFECTING MEDICARE & HSA COORDINATION:

- Once a worker is age 65 or older and no longer has coverage through an employer-based group health plan, he or she has eight months to enroll in Medicare Part B to avoid a penalty.
- If that deadline is missed, there is a risk of a lifetime penalty for late enrollment as well as being unable to enroll until the Jan. 1 – March 31 window, which doesn't start coverage until July 1.
- In other words, getting the Medicare Special Enrollment Period wrong risks a gap in coverage *plus* a lifetime of penalties.

#### THE ABCD<sub>s</sub> OF MEDICARE

PART OF MEDICARE	WHAT'S COVERED	
 Original Medicare (CMS*)	<b>Partial Coverage for:</b> Inpatient Hospital Stay Skilled Nursing Care Nursing Home Care Home Care	
 Original Medicare (CMS*)	<b>Partial Coverage for:</b> Doctor Visits Surgery Lab Tests Medical Equipment Preventive Exams	
 Private Insurers and Health Plans	Similar to Parts A & B with predictable out-of-pocket costs and more coverage. <b>Often fully covers:</b> Wellness Services Vision Exams Hearing Exams	<b>Often partially covers:</b> Eye Diseases Hearing Aids 
 Private Insurers and Health Plans	Helps with the cost of prescription drugs not covered by Original Medicare. <b>Covers costs:</b> Prescription Drugs	

\*General Medicare and Medicaid Services

Graphic courtesy of Blue Cross Blue Shield Minnesota

# After Enrollment in Medicare

## How can I use my HSA tax-free money

## A Closer Look

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You can use HSA money for qualified medical expenses.

These expenses include:

- Paying your monthly premiums for Medicare Part B and Part D and Medicare Advantage plans
- IRS qualified health care premiums for Medicare Parts B, C, and D
- Medicare deductibles, co-pays, and co-insurance
- Qualified long-term care insurance premiums
- Dental and vision expenses
- Hearing aids
- Insulin and diabetic supplies
- Over-the-counter medicine and medical equipment and supplies

However, it may make sense not to use the HSA for things other than qualified medical expenses to avoid paying more taxes



**Have Questions  
Need More Information  
Not Sure on Next Steps**



As a resource, contact one of the following:

**Senior Benefits**

Insurance Services

801-523-6081

[www.srbenco.com](http://www.srbenco.com)

Or your trusted retirement advisor



801-523-6081

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