

# HSA Frequently Asked Questions for 2026

## Overview

---

### Q1. WHAT IS A HEALTH SAVINGS ACCOUNT?

A health savings account (“HSA”) is a tax-exempt trust or custodial account established exclusively to pay for qualified medical expenses. HSA contributions are only permitted for individuals covered by a “qualified” high-deductible health plan (“HDHP”) and have no other disqualifying coverage. For example, if you are covered by your spouse’s non-HDHP in addition to your employer’s HDHP, the IRS will not allow you to establish and/or contribute to an HSA.

### Q2. WHAT IS AN HSA-QUALIFIED HIGH-DEDUCTIBLE HEALTH PLAN?

An HSA-qualified HDHP must be structured within the guidelines set by the IRS. These guidelines require that the deductible be no less than **\$1,700** for single coverage in **2026 (\$3,400** for family coverage) and require that the maximum out-of-pocket expenses for single coverage (including the deductible) not exceed **\$8,500 (\$17,000** for family coverage).

The plan will offer first-dollar coverage (no deductible) for many preventive care services. Preventive care services include periodic health evaluations, such as annual physicals, routine prenatal and well-child care, child and adult immunizations and some prescription drugs. Your employer’s plan may allow telehealth services to be provided on a no-cost (or reduced cost) basis for HDHP participants, as well.

All other services, including non-preventive prescription drugs, fall under the deductible. You must satisfy the deductible (by paying out-of-pocket or through your HSA) before the plan pays for your medical services and procedures.

### Q3. WILL THE HDHP WITH AN HSA IMPACT MY FLEXIBLE SPENDING ACCOUNT?

Yes. If you elect to participate in the HDHP with an HSA, you are not able to participate in the full health flexible spending account (“health FSA”) plan for healthcare expenses offered by your employer. Your HSA can be used to pay for qualified health expenses as your health FSA has done in the past. **If you have a spouse who participates in a full health FSA through his/her own employer, this coverage may disqualify you from HSA eligibility (specifically, it will disqualify you or your employer from contributing to your HSA).**

## Contributions

---

### Q4. AM I ELIGIBLE FOR AN HSA?

To be an eligible individual and qualify for an HSA, you must meet the following requirements:

- You must be covered under an HDHP on the first day of the month
- You must not be covered by other impermissible health coverage (e.g., a non-qualified medical plan, a spouse’s full health FSA)
- You are not enrolled in Medicare
- You are not claimed as a dependent on someone else’s tax return

### Q5. I AM ELIGIBLE FOR BENEFITS THROUGH THE DEPARTMENT OF VETERANS AFFAIRS (VA); AM I HSA ELIGIBLE?

Maybe. An otherwise HSA-eligible individual who is eligible to receive VA medical benefits but has not actually received such benefits during the preceding three months, is an HSA-eligible individual and may contribute to an HSA.

However, an individual is not HSA eligible (and thus cannot make HSA contributions) if he/she has received medical benefits, other than preventive care or other disregarded coverage, from the VA at any time in the previous three months. Veterans' benefits coverage for a service-connected disability<sup>1</sup> is not disqualifying coverage, and the individual would be eligible to open or make contributions to an HSA.

#### Q6. HOW MUCH WILL MY EMPLOYER CONTRIBUTE TO MY HSA IF I ENROLL IN THE HDHP IN 2026?

Your employer may contribute any amount they choose, up to the IRS limit. You may elect to contribute additional money into your HSA on a pretax basis, through your employer's cafeteria plan, not to exceed the IRS limits shown below.

#### Q7. WHAT IS THE MAXIMUM AMOUNT THAT CAN BE CONTRIBUTED TO AN HSA?

Your total contribution (including any contribution made to your account by your employer) for 2026 cannot exceed \$4,400 for an individual, or \$8,750 for employees with family HDHP coverage.

Catch-up contributions are available to HSA-eligible individuals who have attained age 55 by the end of the taxable year. If you are age 55 or older at the end of the tax year (and not enrolled in Medicare), you are eligible to make a \$1,000 catch-up contribution. Thus, the above amounts increase to \$5,400 for an individual with single HDHP coverage or \$9,750 for employees with family HDHP coverage.

If both you and your spouse are eligible for and want to make catch-up contributions, you must each have a separate HSA.

#### Q8. HOW DO I CONTRIBUTE TO MY HSA?

You may contribute to your account through pre-tax payroll deductions or make contributions on an after-tax basis via check or Electronic Funds Transfer ("EFT") at any time, in any amount, up to the maximum limit. You typically have until April 15 (the due date of your federal tax return without extensions) of the following year to make HSA contributions for the current year. You can claim a tax deduction for your after-tax HSA contributions.

#### Q9. DOES THE MONEY MY EMPLOYER CONTRIBUTES TO MY HSA ACTUALLY BELONG TO ME?

Yes, the money in your HSA is yours. Your employer cannot tell you what to do with the money or limit what you can spend it on. Since it is your money, it goes with you if you end your employment with your employer. Because you are in charge of your HSA funds, you are the decision maker – not a third party. Spending your own money also means you should ask about the cost of healthcare expenditures and prescription costs throughout the year. You have the option to use your HSA funds or pay out-of-pocket for medical expenses. If you choose to pay for current medical expenses out-of-pocket, you can save your HSA funds for the future.

#### Q10. DOES THE MONEY IN MY HSA EARN INTEREST?

Yes. Your HSA funds may earn interest tax-free,<sup>2</sup> and there is no minimum balance required to earn interest. In addition, depending on your vendor, investment options may be available to you. **Please contact your HSA banking institution if you have further questions regarding investment services.**

#### Q11. HOW MUCH MAY I CONTRIBUTE TO MY HSA IF I BECOME ELIGIBLE FOR AN HSA MID-YEAR (I.E., ANY MONTH EXCEPT JANUARY)?

An individual's annual HSA contributions may not exceed the sum of the "monthly limitations" for all months during the individual's taxable year in which he or she actually is HSA eligible, unless requirements of the "full-contribution rule" are met.

---

<sup>1</sup> 38 USC 101(16): The term "service-connected" means, with respect to disability or death, that such disability was incurred or aggravated, or that the death resulted from a disability incurred or aggravated, in line of duty in the active military, naval, or air service.

<sup>2</sup> Some states may treat interest as taxable.

Briefly, the “full-contribution rule” allows an individual to make a full year’s worth of HSA contributions even though the individual is only HSA eligible for a portion of the year. Under this rule, you are considered an eligible individual for the entire calendar year if you are an eligible individual on December 1. You are allowed to make the full annual contribution to the HSA, even though you were only HSA eligible for a portion of the year. However, an individual who makes contributions under the full-contribution rule must remain HSA eligible during a 13-month testing period (December plus the following 12 months of the next calendar year) to avoid adverse tax consequences. For more information, see Q/A-13.

## **Q12. DOES MY ANNUAL CONTRIBUTION LIMIT DEPEND ON WHEN I ESTABLISH MY HSA OR WHEN MY HDHP COVERAGE BEGINS?**

Your annual contribution limit depends on the months during the year in which you are HSA eligible. The amount you can contribute is not determined by the date you establish<sup>3</sup> your HSA; however, medical expenses incurred before the date your HSA is established cannot be reimbursed from the account. If you become HSA eligible mid-year (i.e., a month other than January), you have two options to determine your annual contribution limit: 1) the monthly contribution rule or 2) the full contribution rule. You will need to determine which option is best suited for your situation. See Q/A-13.

## **Q13. WHAT IS THE DIFFERENCE BETWEEN THE MONTHLY CONTRIBUTION RULE AND THE FULL CONTRIBUTION RULE?**

### Monthly Contribution Rule

Regardless of when you enroll in the HSA, if you are not HSA eligible as of December 1 of the applicable tax year, your contribution limit will be the sum of the indexed contribution limits determined separately for each month you are HSA eligible. The monthly limit is determined by calculating 1/12 of the annual statutory limit. If you are HSA eligible for all 12 months of 2026, you are eligible for the full annual HSA contribution.

For example, in 2026, the annual statutory contribution limit for self-only coverage is \$4,400 (exclusive of catch-up contributions) – therefore, the monthly limit is \$366.67 (1/12 of \$4,400 = \$366.67). Assume Mary is HSA eligible only for the months of January and February of 2026 and is *not* HSA eligible on December 1. She may only contribute to her HSA for 2 months in 2026 for a total of \$733.34 (based on self-only coverage = \$366.67 x 2 months = \$733.34).

### Full Contribution Rule

As long as you are HSA eligible on December 1, you are treated as an eligible individual for the entire year. If you have HDHP coverage in place on December 1, you may contribute up to the full annual statutory limit. However, to take advantage of this rule, you must remain HSA eligible during the 13-month “testing period.” This requires that you remain HSA eligible through the month of December of the applicable tax year plus the entire following calendar year (December plus an additional 12 months = 13 months). If you fail to remain HSA eligible during the “testing period,” the contributed amount over the allowed monthly contribution (i.e., the months you were not HSA eligible) is included in income, taxed and subject to a 10% penalty.

For example, Chris, age 53, becomes an HSA-eligible individual on December 1, 2026. He has single HDHP coverage on that date. Under the full contribution rule, he contributes \$4,400 to his HSA for 2026. Chris loses HSA eligibility in June 2027. Because he does not remain HSA eligible during the 13-month testing period, he must include as income the contribution that could not have been made except for the full contribution rule, \$4,033.33 (\$4,400 – \$366.67, his one month of HSA eligibility), plus a 10% penalty.

## **Q14. IF I LEAVE THE COMPANY, IS MY EMPLOYER REQUIRED TO CONTINUE HSA CONTRIBUTIONS THROUGH COBRA?**

No. If you leave the company, your employer is required to offer you the ability to maintain your health insurance (e.g., HDHP coverage) through COBRA, but is not required to continue the HSA contribution.

---

<sup>3</sup> An HSA is generally considered established on the date the first contribution is deposited into the account, as it functions as a trust under state law.

## Q15. CAN I USE THE MONEY IN MY HSA FOR EXPENSES I INCURRED BEFORE I ESTABLISH MY HSA?

No. You can only submit reimbursement for expenses incurred **after** your HSA is established.

### Banking

---

## Q16. WHERE WILL MY HSA BE PLACED? DO I HAVE A CHOICE?

Your employer has selected a bank to which you and your employer may contribute funds. If you wish to open a separate, qualified HSA at your personal bank and transfer money to that account, you may do so, but your employer cannot contribute directly to that account.

## Q17. ARE THERE ANY FEES ASSOCIATED WITH MY HSA?

Yes, you may incur certain banking transaction fees.

## Q18. DO I ONLY USE MY HSA DEBIT CARD TO PAY FOR MEDICAL EXPENSES, OR WILL I NEED MY MEDICAL ID CARD TO MAKE THESE PAYMENTS, TOO?

You should always use your medical ID card, as it provides you with discounts and counts claims toward your deductible and out-of-pocket maximum. Remember to use your medical card first, and then pay the bills with your HSA debit card when you receive an Explanation of Benefits (“EOB”) from your medical carrier stating your responsibility. The only exception to this process is at the pharmacy. You may use your HSA debit card at the pharmacy once the pharmacist has run your ID card.

## Q19. IF MY DOCTOR'S APPOINTMENT COSTS ME \$150 AND I ONLY HAVE \$40 LEFT TO UTILIZE IN MY HSA, CAN I WAIT TO TAKE MY REIMBURSEMENT UNTIL MORE MONEY HAS ACCRUED?

Yes. There is no time limit on when a distribution from the HSA must occur. You may delay distributions from an HSA to reimburse qualified medical expenses incurred in a prior year (or years) provided the expenses were **incurred after the HSA was established**. Expenses incurred prior to the establishment of the HSA are not reimbursable. It is important to keep records sufficient to show that the distributions made from the HSA were made to pay or reimburse otherwise unreimbursed qualified medical expenses incurred after the HSA is established.

### Tax Impact

---

## Q20. IS THERE A DETAILED LIST OF QUALIFIED HSA EXPENSES THAT I CAN TURN TO FOR GUIDANCE?

There are a wide range of allowable tax-free HSA expenditures, including vision and dental expenses, or orthodontia for you or your children. A description of qualified HSA expenditures can be found in IRS Publication 502: <http://www.irs.gov/pub/irs-pdf/p502.pdf>. Be aware that while Publication 502 has great examples, it is not entirely definitive.

#### *Note on Over-the-Counter Medicines and Drugs*

- For expenses incurred after December 31, 2019, participants may utilize HSAs to cover over-the-counter (“OTC”) medicines and drugs (e.g., ibuprofen, cold medicines), as well as to purchase certain menstrual care products (e.g., pads and tampons) on a tax-favored basis without a prescription.
- For expenses incurred in the 2014 through 2019 tax years, these items were only considered a qualified medical expense eligible for tax-free reimbursement from your HSA with a prescription. OTC medicines and drugs without a prescription reimbursed from the HSA during this time were taxable and subject to a 20% penalty.<sup>4</sup>

---

<sup>4</sup> This restriction on reimbursement of OTC medicines and drugs through an HSA was part of the Affordable Care Act (ACA), and effective from the 2014 tax year. However, that rule was repealed as part of the CARES Act in 2020, applicable to expenses incurred after the 2019 tax year.

#### Q21. DO I NEED TO SAVE ALL OF MY RECEIPTS FOR EXPENDITURES?

Yes. Everyone with an HSA must keep all receipts showing expenditures from their account. If the IRS audits you, you will need to be able to back up your HSA expenditures. It is recommended that you keep a file that contains your receipts.

#### Q22. WILL THE FUNDS THAT MY EMPLOYER CONTRIBUTE BE INCLUDED IN MY INCOME FOR TAXATION?

No. Employer contributions to an employee's HSA are excluded from an employee's income. However, all contributions (i.e., employee and employer) to your HSA that exceed your annual maximum limitation will be subject to income tax plus a 6% excise tax. See Q/A-41 for more information.

#### Q23. SINCE THE MONEY IN THE HSA IS PORTABLE, CAN I ROLL IT OVER INTO A DIFFERENT SAVINGS VEHICLE WITH NO TAX PENALTIES?

The HSA is designed to pay for qualified medical expenses and **direct rollovers into another savings vehicle are not allowed**. You may, however, roll it over to another HSA if you later select a different vendor.

Taxpayers can make a *one-time distribution* from an individual retirement account ("IRA") to fund an HSA, but subject to the annual maximum contribution limits. A second transfer is allowed within the same year if the individual changes from self-only HDHP coverage to family HDHP coverage later during the year in which the first transfer was made.

#### Q24. WILL THE HSA CHANGE HOW I FILE MY TAXES?

Yes. HSA contributions and distributions are reported on Form 8889, which is filed as an attachment to your Form 1040 (you cannot file your taxes using Form 1040-A or 1040-EZ when required to attach Form 8889). See IRS Publication 969 and your personal tax consultant for more information.

If you use your HSA funds for non-medical expenses, the distribution will be considered ordinary taxable income and subject to a 20% additional tax for individuals who are under age 65.

### General Questions

---

#### Q25. CAN I USE THE MONEY IN MY HSA FOR MY DEPENDENTS' MEDICAL EXPENSES, EVEN IF THEY ARE NOT ENROLLED IN A QUALIFIED HDHP?

Yes, unreimbursed qualified medical expenses (e.g., out-of-pocket expenditures and deductibles) for your spouse or IRS-qualified dependent can be paid through your HSA even if the spouse or dependent is insured under a non-HDHP.

#### Q26. IF I DON'T WANT TO USE THE HSA DEBIT CARD, HOW ELSE ARE REIMBURSEMENTS MADE FROM MY HSA?

If you have paid out-of-pocket for a qualified medical expense, you may request reimbursement from your HSA to be paid back via check or a verified external bank account (EFT). You do not need to submit substantiation documents for a reimbursement from your HSA, but you should retain those receipts in your personal files in case of an Internal Revenue Service (IRS) audit of your HSA. Reimbursements are typically processed within three business days.

#### Q27. WHAT INFORMATION WILL I RECEIVE ABOUT MY HSA?

Once your HSA account is set up, generally you will receive a welcome kit within 10 to 14 days. This will include your HSA debit card and important information about using your account.

#### Q28. CAN A SPOUSE OR DEPENDENT HAVE INSURANCE OTHER THAN A QUALIFIED HDHP WITHOUT CAUSING THE ACCOUNT HOLDER TO LOSE HSA ELIGIBILITY?

Yes, provided that the HSA account holder is not covered by the other non-qualified plan. For example, if an employee has self-only HDHP coverage and the spouse and dependent children (but not the employee) are covered under the

spouse's traditional PPO, the employee could establish and contribute to an HSA (based on single coverage), and use the HSA funds to pay otherwise unreimbursed expenses of the spouse and tax dependent children.

#### **Q29. ARE THERE SPECIAL HSA RULES THAT APPLY TO MARRIED COUPLES?**

Yes, there is a special tax rule for married couples. If either spouse has family HDHP coverage, both spouses are treated as having family HDHP coverage. Also, if one spouse has family HDHP coverage and the other spouse has single-HDHP coverage; both spouses are considered to have family HDHP coverage. A special rule imposes a joint contribution limit capped at the family statutory maximum (for 2026, \$8,750) allocated equally between spouses, unless they agree on a different division.

Example: For 2026, Jack and his wife Jane are both HSA-eligible individuals. Each has family coverage under separate HDHPs. Neither is eligible for a catch-up contribution. Under the special rule for married couples, Jack and Jane's combined HSA contributions cannot exceed the family statutory maximum of \$8,750. Jack and Jane can split the family statutory maximum contributions (\$8,750) equally between their respective HSAs (each contributing \$4,375 to their own HSA), or decide on a different contribution structure, provided the total contributed between them does not exceed the family maximum.

If each spouse is HSA eligible and elects self-only HDHP coverage, they each may contribute up to the statutory self-only limit of \$4,400.

If both spouses are eligible for a catch-up contribution (see Q/A-7), each spouse's contribution limit is increased by \$1,000. To take advantage of this, each spouse must have their own HSA because an HSA bank account is an individually owned account. There are no joint HSAs.

#### **Q30. BOTH MY SPOUSE AND I ARE EMPLOYED AT MY EMPLOYER AND ARE ENROLLED ON THE HDHP, MAKING CONTRIBUTIONS INTO THE HSA. DO ANY SPECIAL RULES APPLY?**

Yes, the married rules described in Q/A-30 apply. You and your spouse must have separate HSAs to which you can contribute.

#### **Q31. BOTH MY SPOUSE AND I ARE EMPLOYED AT MY EMPLOYER AND ARE ENROLLED ON THE HDHP AND EACH MAKE CONTRIBUTIONS INTO OUR OWN HSAS (UNDER THE MARRIED RULES DESCRIBED ABOVE). WHAT IF MY SPOUSE TERMINATES EMPLOYMENT AND ENROLLS AS A DEPENDENT ON MY PLAN? CAN MY SPOUSE KEEP THEIR HSA ACCOUNT OPEN AND CONTINUE TO CONTRIBUTE TO THAT ACCOUNT?**

In this situation, your spouse can continue to contribute to his or her HSA (within the married couple limitations); assuming your spouse remains HSA eligible. However, your employer will not provide a contribution to the spouse's HSA, as contributions are only provided to employees. The spouse also may continue to use the funds in his or her account to pay for qualified medical expenses.

#### **Q32. IF MY EMPLOYMENT WITH MY EMPLOYER IS TERMINATED AND I ELECT COBRA, CAN I PAY MY COBRA PREMIUMS (FOR MY MEDICAL, DENTAL AND/OR VISION COVERAGE) WITH TAX-FREE HSA DOLLARS?**

Yes, you can use your HSA dollars to pay COBRA premiums.

**Q33. CAN I START AND STOP MY PARTICIPATION IN MY HSA DURING THE YEAR? CAN I CHANGE MY CONTRIBUTION AMOUNT? IF I STOP PARTICIPATING AND THEN ELECT TO MAKE CONTRIBUTIONS AGAIN, WILL MY SAME ACCOUNT STILL BE AVAILABLE?**

Your employer must allow you to change your contribution election at least once a month. This includes stopping your contributions as well. The account will stay open even if there are no contributions made.

**Q34. WHAT HAPPENS IF I EXPERIENCE A SPECIAL ENROLLMENT EVENT, SUCH AS THE BIRTH OF A CHILD? AFTER I ADD THE CHILD TO THE HDHP, CAN I INCREASE THE AMOUNT CONTRIBUTED TO MY HSA TO THE FAMILY MAXIMUM? DOES THE AMOUNT HAVE TO BE PRORATED?**

Yes, you can contribute the family maximum. Generally, the contribution amount is prorated based on the number of months you participated in single coverage and the number of months you participated in family coverage.

However, if you move from single to family coverage during the year, and have family coverage on December 1, then under the full contribution rule you may contribute up to the full family maximum for the year. However, you must remain HSA eligible during the testing period. Failure to do so will result in the excess contributions for the months you were covered by single-only coverage to be taxable and subject to a 10% penalty.

**Q35. WHAT HAPPENS IF, MID-YEAR, MY CURRENT ENROLLMENT STATUS OF EMPLOYEE PLUS SPOUSE CHANGES TO EMPLOYEE ONLY DUE TO A QUALIFYING EVENT (E.G., DIVORCE)? WOULD MY HSA CONTRIBUTION HAVE TO BE REDUCED IF IT WAS OVER THE INDIVIDUAL LIMIT?**

Yes, your contributions would have to be prorated based on the number of months you participated in family coverage and the number of months you participated in single coverage.

**Q36. I WAS HSA ELIGIBLE AS OF JANUARY 1, BUT I DID NOT ESTABLISH MY HSA UNTIL JUNE. CAN I STILL MAKE MY MAXIMUM ANNUAL CONTRIBUTION, OR IS MY CONTRIBUTION REDUCED BY THE NUMBER OF MONTHS I DIDN'T HAVE AN HSA?**

Yes, you can still make the maximum monthly contributions based on your HDHP coverage, provided you were HSA eligible from January-June. However, any qualified medical expenses that were paid out-of-pocket up until your HSA was established in June cannot be reimbursed from the account. Only qualified medical expenses incurred after the HSA is established are allowed.

**Q37. CAN I ROLL OVER FUNDS FROM A PRIOR HSA TO MY NEW HSA?**

Yes, you can roll over the funds from your prior employer's HSA to a new HSA. You will have to contact the new HSA vendor's member services to obtain a copy of the rollover form, fill it out and send it to the HSA vendor who manages your HSA established while at a prior employer.

**Q38. WHO CAN CONTRIBUTE TO MY HSA — JUST ME AND MY EMPLOYER, OR CAN OTHER INDIVIDUALS CONTRIBUTE, TOO?**

Anyone can contribute to your HSA. However, other tax rules may apply (e.g., gift taxes). Consult with a tax advisor.

**Q39. WHEN WILL CONTRIBUTIONS TO MY ACCOUNT BE MADE AVAILABLE FOR WITHDRAWAL?**

Contributions will be made available for withdrawal within a week from your scheduled pay date.

**Q40. WHAT HAPPENS IF I CONTRIBUTE TOO MUCH TO MY HSA?**

An excise tax of 6% for each taxable year is imposed on the account beneficiary for excess individual and employer contributions if not corrected prior to account holder's tax filing deadline (April 15 of the following year). This excise tax is avoided if the excess contributions (and any interest) for a taxable year are distributed to the account holder (and

taxed accordingly) before the account holder's federal income tax return deadline for the taxable year (no later than April 15).

**Q41. I AM CURRENTLY ENROLLED IN MY EMPLOYER'S PPO AND MY HEALTH FSA MAY HAVE A BALANCE AT THE END OF THE PLAN YEAR. I WANT TO JOIN THE HDHP AT THE NEXT OPEN ENROLLMENT. CAN I USE THE REMAINING FUNDS IN THE FSA WHEN I ENROLL IN THE HDHP? CAN I MAKE CONTRIBUTIONS TO THE HSA?**

Whether you are eligible to make HSA contributions when you first enroll in the HDHP depends on what your employer's FSA plan document allows.

Runout Period. If your plan simply allows you to submit claims that you incur while covered under the non-HDHP for a period of time after the end of the plan year (i.e. claims for 2025 that you submit in 2026), this arrangement will not disqualify you from making contributions to your HSA beginning with the month you first enroll in the HDHP and satisfy all other eligibility requirements.

Grace Period. If your plan has a Grace Period that allows you to submit claims to the FSA for a period of up to 2-1/2 months after the plan year ends (i.e. March 15), you can begin to make HSA contributions as of the first month following the end of the Grace Period (i.e. April 1).

Carryover. If your plan has a carryover provision that lets you roll over your FSA balance into the next plan year, you may be disqualified from establishing and contributing to the HSA for the entire plan year. However, there are certain plan design remedies available to preserve HSA eligibility that your employer may have implemented including:

- Establishing an **HSA-compatible health FSA** (i.e., a limited purpose health FSA for dental and vision expenses, post-deductible FSA) to allow you to carry over health FSA funds from the general-purpose health FSA into the HSA-compatible FSA. Your employer's plan may allow this automatically when you enroll in the HDHP.
- Allowing you to waive any remaining FSA balance to the following year.

**Q42. I AM OVER 65 AND ENROLLED IN MY EMPLOYER'S HDHP. MAY I CONTINUE TO HAVE CONTRIBUTIONS MADE TO MY HSA?**

If you are not enrolled in Medicare (including free Part A) you can continue to fund your HSA. However, should you decide to enroll in Medicare you may need to stop your HSA contributions as well as any contributions from your employer up to 6 months before you enroll in Medicare, as Medicare coverage will be retroactive for 6 months but not before age 65.

**Q43. I AM OVER 65 AND ENROLLED IN MY EMPLOYER'S HDHP. MAY I USE THE FUNDS IN MY HSA FOR NON-MEDICAL EXPENSES?**

Yes.

If the distribution from your HSA is for non-medical expenses, the distribution will be considered ordinary taxable income, however, the additional 20% tax will not be imposed.