

HSA Strategies for Retirement, Medicare, and Beyond

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**ROAD TO
RETIREMENT**

PLANNING YOUR RETIREMENT
FROM INDIANA UNIVERSITY

Housekeeping

- **Session will not be recorded**; however, a PDF of the slides is available on the Road to Retirement website at hr.iu.edu/benefits/road-to-retire.html.
- **All attendees have been placed on mute**. If you have technical issues, please message an IUHR representative in the chat for assistance.
- Watch the **chat** for helpful links to additional information.
- Please **put all questions in the Q&A box**. Please do not put any questions related to a personal situation in the Q&A.
- At the end of today's session, you will be asked to complete a **brief survey**.

Today's Agenda

- Maximizing Your HSA While Working
- HSA Options if You **Retire Before** Age 65
- HSA Options if You **Work Past** Age 65
- Using your HSA in Retirement
- HSA Resources
- Other Retirement Savings Opportunities





SECTION I

MAXIMIZE YOUR HSA WHILE WORKING

Maximize Your HSA While Working

Tip #1: Increase contributions up to the **IRS maximum**

Tip #2: Add **catch-up contribution** at age 55 +

Tip #3: Make contributions **through payroll** to receive maximum tax breaks

Tip #4: Keep your money **invested** until you need it

Tip #5: Only use account for **healthcare expenses** to avoid penalties and taxes





SECTION II

**HSA OPTIONS IF YOU RETIRE
BEFORE AGE 65**

Medical Coverage Options

Under 65 medical coverage options:

- COBRA coverage
- Anthem Under 65 PPO HDHP (for those with retiree status)
- Spouse's employer coverage
- Marketplace coverage

Learn more about benefits for retirees:

hr.iu.edu/benefits/retirees.html



HSA Eligibility After You Leave

- **Enroll in a non-HDHP medical plan**
 - No longer eligible to make tax-free contributions to an HSA
- **Enroll in IU HDHP COBRA or U65 plan or another HDHP**
 - Can continue making tax-free contributions to your HSA
 - Transfer contributions online from personal bank account
 - Claim contributions on federal tax return to receive tax credit

Your HSA After You Leave IU

- Transitions to an “individual account”
- Will not receive IU contributions
- Account can remain with WEX (monthly fee of \$2.75) or transfer to another HSA account vendor
- Review IRS contribution rules based on new coverage:
 - Self-only vs. family contribution limits
 - Catch-up contributions





SECTION III

**HSA OPTIONS IF YOU WORK
PAST AGE 65**

Medicare Eligibility

Medicare Enrollment

OPTION 1

Enroll at age 65

Not recommended for active IU employees

OPTION 2

Draw Social Security Benefits

Automatic enrollment in Medicare

OPTION 3

Postpone & enroll after retirement (or at age 70 when you *start* drawing Social Security)



Enroll at Age 65

OPTION 1

Enroll at age 65

Not recommended for IU employees enrolled in Medical Benefits

- Voluntary enrollment
- Makes you **ineligible for tax-free HSA contributions** (both yours & IU's)
 - Based on your Medicare Part A *effective* date
 - Not based on your Medicare *eligibility*
- Spouse's Medicare enrollment does **NOT** affect your HSA eligibility

Draw Social Security Benefits

OPTION 2

Draw Social Security Benefits

- Automatic Medicare Part A enrollment
 - At age 65+
 - Whether you are drawing on your own record, or your spouse's SS record
 - Part A coverage is back-dated 6 months, or to the month you turned 65, which ever is less.
- Makes you **ineligible for tax-free HSA contributions** (both yours & IU's)
 - Ineligibility is based on your Medicare Part A **effective** date
 - Can not postpone Medicare enrollment once drawing Social Security

NOTE: Social Security full benefit age is 66-67 years old, which is different than Medicare eligibility age.

Postpone Medicare Enrollment

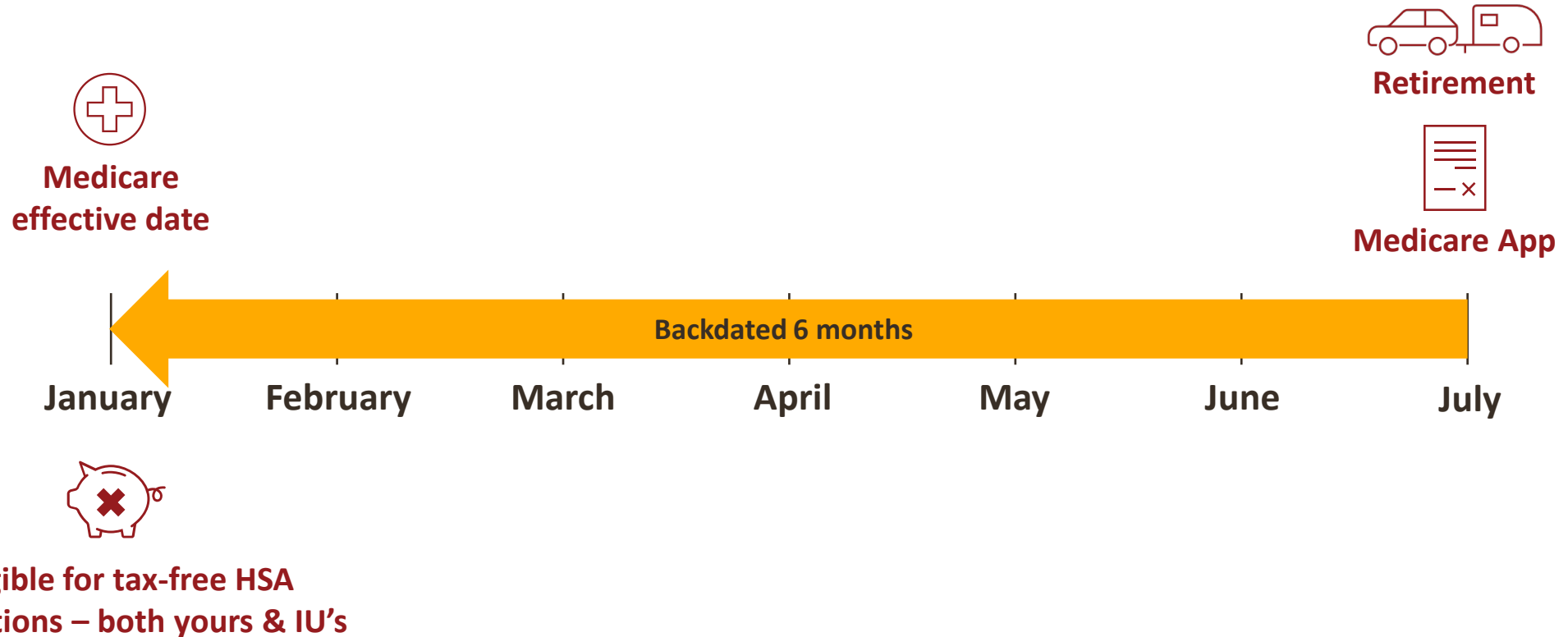
OPTION 3

Postpone & enroll after retirement

(or at age 70 when you start drawing Social Security)

- **Retain eligibility** for tax-free HSA contributions while working
- Must be enrolled in an active group health plan (IU medical plan)
- No penalty for postponing enrollment
 - Use Medicare special enrollment period once retired (8-month period after employment ends)
- Medicare Part A enrollment is **backdated 6 months or to your 65th birthday**, whichever is closest, from the date you apply for Medicare or Social Security.

Example: Age 65+ Postponed Medicare



Example: Age 65+ Postponed Medicare



Medicare
effective date



Medicare App



Retirement

Jan – Aug 2023
Tax-Free HSA

Backdated 6 months

Sept 2023

Oct 2023

Nov 2023

Dec 2023

Jan 2024

Feb 2024

Mar 2024

Apr 2024

May 2024



Ineligible for tax-free HSA
contributions – both yours & IU's

Note: HSA contribution eligibility is pro-rated based on IRS annual maximum.

Handling Excess Contributions

- Calculate excess contributions
- Your **Medicare application, and effective date** determines how much you can contribute to your HSA for the year:
 - Includes both yours and IU’s contributions
 - Prorated if only eligible for part of a year
 - May result in “excess” contributions
 - Any excess contributions not withdrawn are subject to a 6% excise tax penalty



Handling Excess Contributions

If you make excess contributions:

- Complete *HSA Distribution Request Form*:
 - Submit to WEX prior to December 31
 - Must have **full amount available** in account
- Report on income taxes:
 - Included on IRS Form 1099-SA from WEX
 - Report on IRS Form 8889 included with 1040
- Pay regular income tax rate on excess
- Recommend consulting a tax advisor

INDIANA UNIVERSITY powered by **wex**

HSA DISTRIBUTION REQUEST FORM

INSTRUCTIONS

1. Use this form to request a distribution from your HSA for one of the reasons indicated below. For death distributions, complete the Death Distribution Form.
2. Submit the completed form by fax (888-887-9961), by standard mail to: IU HSA/FSA, P.O. Box 2905 Fargo, ND 58108-2905 or by emailing iusupport@wexinc.com from your IU email with [Secure Message] in the subject line.
3. If you have any questions regarding distributions from your HSA, please call 1-800-284-6412.

ACCOUNTHOLDER INFORMATION

Last Name: _____ First Name: _____ Middle Initial: _____
Social Security Number: _____ Employee ID and Employer: _____
Address: _____ (if applicable) Phone #: _____

I direct WEX to make a distribution from my HSA for the following reason: (choose only one reason/section per form)

NORMAL/DISABILITY/PROHIBITED TRANSACTION DISTRIBUTION

Normal - For payment of qualified medical expenses; save your receipts.
 Disability - If the disability renders you unable to engage in any substantial gainful activity and it is medically determined that the condition will last continuously for at least 12 months or lead to your death. Disability distributions are subject to ordinary income tax.
 Prohibited Transaction - use of HSA funds for anything other than a qualified medical expense; if not corrected in a timely manner, IRS penalties may be imposed.

Amount of Distribution: \$ _____ I would like this distribution to close my HSA also.

EXCESS CONTRIBUTION REMOVAL

Excess Contribution Removal
Amount of Excess Contribution: \$ _____ Date excess contribution occurred: _____
*To calculate the amount of Excess Contributions, total any employer or employee contributions in excess of your maximum contributions for the year. WEX will determine any earnings on this amount.

ROLLOVER/TRANSFER

If I am requesting account closure, I authorize the WEX Inc. to liquidate the investments in my HSA Investment Account and wait 10 days to allow any outstanding debit card transaction (if debit card is applicable to my account) to settle before mailing the check for any remaining account balance, less any applicable account closing fee.

Rollover - Check will be made payable to HSA Accountholder and mailed to your address on file.
Please liquidate: my entire account balance or \$ _____
This rollover will will not close my HSA Account (please check one).
The IRS Code limits the number of rollovers that may be taken, how quickly rollovers must be completed and how the trustee or custodian must report the transaction. If you need additional information, please contact your tax advisor. By selecting this option, you are certifying to the bank that you have satisfied the rules and conditions applicable to your rollover and that you are making an irrevocable election to treat the transaction as a rollover. The funds you receive from the distribution of an HSA must be deposited into another HSA within 60 days from when you receive them. You are entitled to one distribution per year per HSA which may be rolled over. You are entitled to roll over the same assets only once in a twelve (12) month period.

Transfer - Check will be made payable to the receiving Administrator/Trustee/Custodian for the benefit of the HSA Accountholder and mailed to the address you provide below.
Please liquidate: my entire account balance or \$ _____
This transfer will will not close my HSA Account (please check one).
Name of Receiving Administrator/Trustee/Custodian: _____
Address of Receiving Administrator/Trustee/Custodian: _____

SIGNATURE

I certify that I am the HSA Accountholder or an individual authorized to execute this transaction. I have read and understand the instructions and any rules or conditions relating to this transaction. I assume full responsibility for this transaction and will not hold WEX Inc. liable for any adverse consequences that may result. I have not received tax or legal advice from WEX Inc. and, if necessary, will seek the advice of a tax or legal professional to ensure my compliance with related laws. All information provided by me is true and correct and may be relied upon by WEX Inc.

Signature of HSA Accountholder: _____ Date: _____

IU HSA Distribution Request Form v7.24

Download from
benefit-info.com/iu

A hand holding a grey marker is drawing a lightbulb on a green chalkboard. Inside the lightbulb is a large dollar sign (\$). Several arrows point towards the lightbulb, and some have smaller dollar signs next to them. The background is a dark green gradient.

SECTION IV

**USING YOUR HSA IN
RETIREMENT**

Retirement and your HSA

Your HSA stays with you

- IU notifies WEX of your retirement
 - New individual account will be created
 - Brief blackout period
 - New debit/Visa cards
 - New login information
 - Monthly account maintenance fee (\$2.75/month)
- Account can remain with WEX or transfer to another vendor (if you choose)



Using Your HSA in Retirement

NO penalty / NO income taxes on qualified healthcare expenses

Premiums for:

- Medicare (Parts B & D)
 - Medicare Advantage Plans (Part C)
 - Group Medicare Supplement Plans such as **IU Blue Retiree** (*NOT commercial Medicare Supplement Plans*)
 - **IU Anthem Under 65 Retiree Plan**
 - **COBRA** (medical & dental)
 - Long-Term Care Insurance Premiums
- **Hearing aids** (batteries, repair, maintenance)
 - **Home improvements for safety** (ramps, widening doorways, installing railings or support bars)
 - **Medical equipment** (wheelchairs, walkers, shower chairs)

List of HSA eligible expenses:

benefit-info.com/iu



Taxable Use of HSA at Age 65 & Up

NO penalty / PAY income taxes on other expenses

- Rent or mortgage payments
- Groceries or dining
- Recreational activities
- Vacations and travel
- Everyday living expenses



A close-up photograph of a hand holding a red piggy bank with white polka dots. The piggy bank is positioned over a pregnant belly, which is partially visible in the lower right. The background is a white and blue striped fabric.

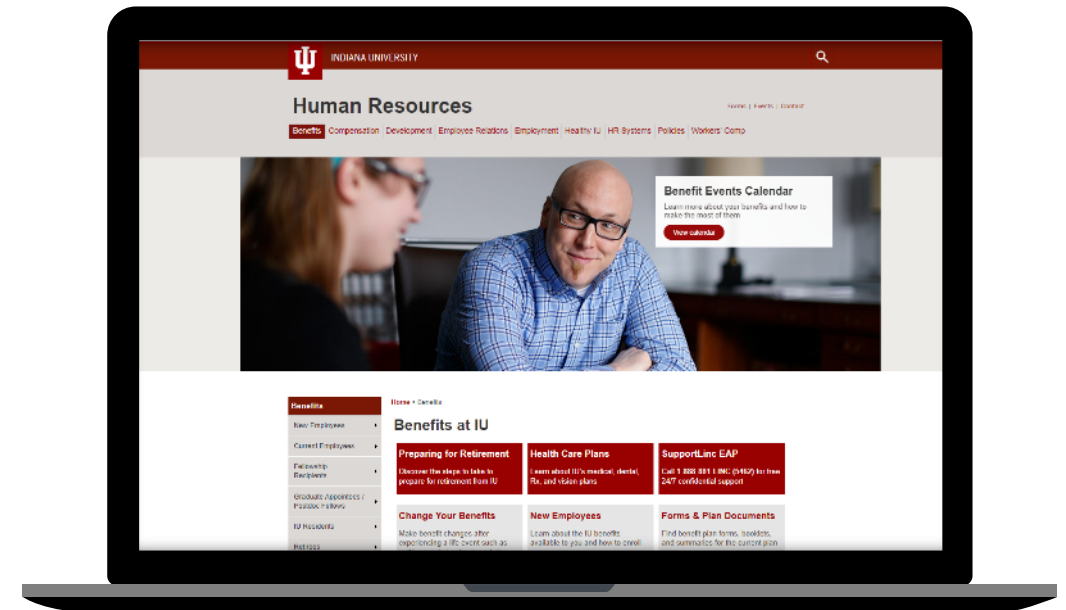
SECTION V

HSA RESOURCES

IU Human Resources

- Plan provisions and documents
- Frequently asked questions
- Special HSA considerations
 - Eligibility
 - Medicare & HSA
 - Leaving the University
 - Excess Contributions
 - Beneficiaries

hr.iu.edu/benefits

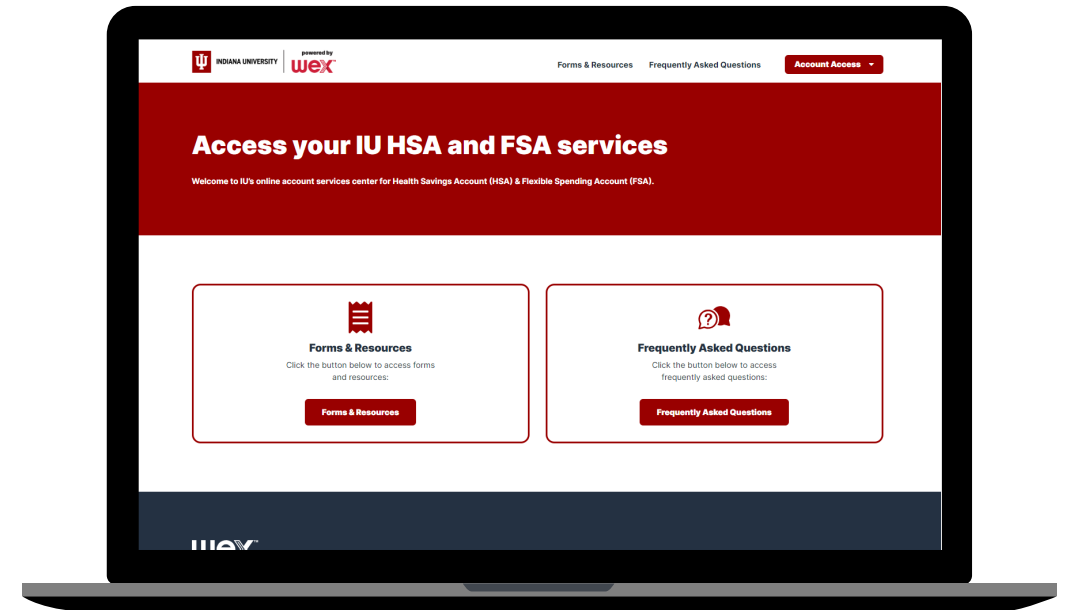


WEX

Create an account to:

- View account activity
- Find common forms
- IRS Qualified Expense List
- Use the Expense Tracker function
- Transfer funds online to/from a personal bank account
- Pay expenses directly from account
- Manage investment account
- Annual tax forms (1099-SA & 5498-SA)
- View and update beneficiaries

benefit-info.com/iu



Internal Revenue Service (IRS)

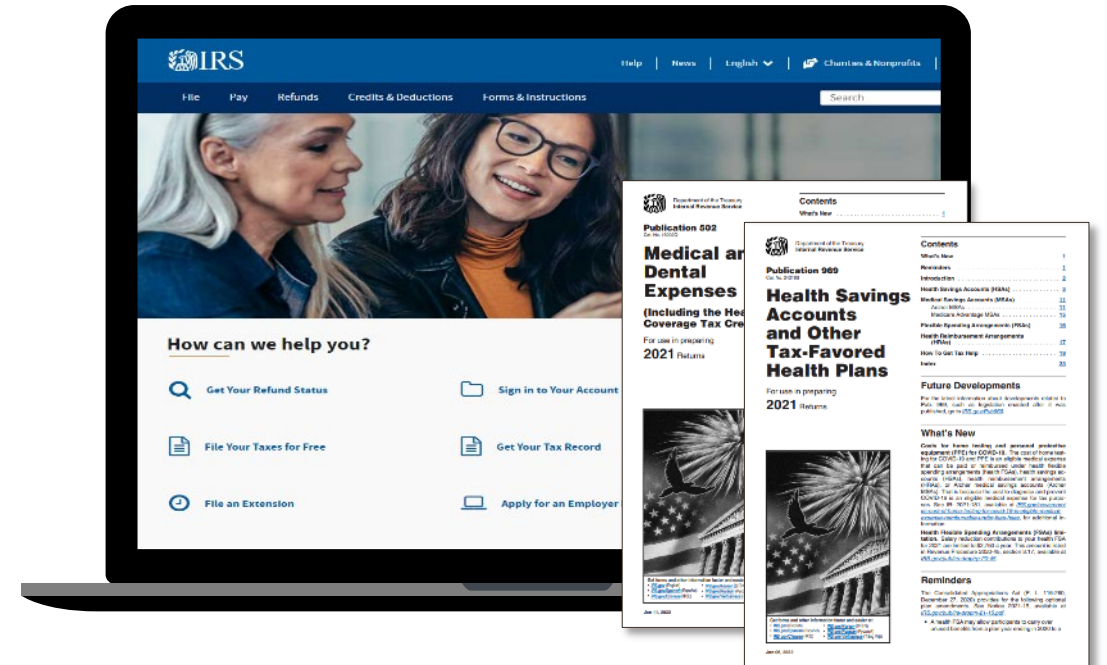
Publications:

- **IRS Pub 969** – Health Savings Accounts and Other Tax-Favored Health Plans
- **IRS Pub 502** – Medical and Dental Expenses

Tax Forms:

- **IRS Form 8889** (filed with your 1040)
- Instructions for Form 8889

www.irs.gov





SECTION VI

**OTHER RETIREMENT SAVINGS
OPPORTUNITIES**

IU Supplemental Retirement Plans

TDA
403(b)

457(b)

Two plans for employee voluntary contributions:

- Start or stop contributions any time
- Pre-tax and Roth (after-tax) contributions
- Percent of earnings or flat-dollar
- Catch-up contributions starting at age 50
- In-service distributions after age 59 ½



IU Supplemental Retirement Plans

	IU Tax Deferred Account (TDA)	IU 457(b) Plan
Roth Option	Yes	Yes
Rollovers	Yes	Yes
Default Election	Yes. Auto enrolled at 5% pre-tax contribution rate.	Waive
IRS Annual Contribution Limit	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2024	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2024; <u>OR</u> up to additional \$23,000 for age 62, 63, 64 catch-up (special rules apply)
Withdrawals	In-Service: Withdraw funds at age 59½ while still working. After separation: 10% penalty if withdrawn prior to age 59½	In-Service: Withdraw funds at age 59½ while still working. After separation: NO penalty if withdrawn prior to age 59½

Rollovers

IU TDA and IU 457(b) plans can accept funds rolled over from your:

- 401(a), 401(k), 403(b), Governmental 457(b), or IRA

Advantages of consolidating your accounts:

- Manage all your accounts and investments in one place
- Potential for fee reductions
- Easier for your beneficiaries to manage in the future

Summary of What We Covered Today

1. Increase contributions to HSA and IU Supplemental Retirement Plans
2. Add catch-up contribution (Age 55 for HSA, and 50 for IU Supplemental Retirement Plans)
3. Keep your money invested until you need it
4. For HSA: Only use account for healthcare expenses to avoid penalties and taxes



Beneficiaries

**Name beneficiaries with the vendor,
NOT IU Employee Center:**

Fidelity or PERF

- Base Retirement Plan
- Each Supplemental Retirement Plan

WEX

- Health Savings Account (HSA)

Common mistake to avoid is naming minors as your beneficiaries. There are strict laws regarding payment of benefits to minors. Consult a legal advisor to determine the best way to accomplish this under state law.



Upcoming Road to Retirement Sessions

Sept. 13 – Medicare Basics—The A, B, & Ds

Sept. 13 – Phased Retirement for IU Faculty

Sept. 19 – Navigating Medicare Part D Coverage

Sept. 27 – Social Security Overview

Oct. 8 – PERF – Understanding the Two Parts of the Plan

Oct. 11 – Fundamentals of Retirement Income Planning

Oct. 16 – Medicare Basics—The A, B, & Ds

Oct. 17 – Navigating Medicare Part D Coverage

Oct. 18 – Prepare for the Reality of Health Care in Retirement

Register at: hr.iu.edu/benefits/road-to-retire.html



IUHR Events Calendar

Register for upcoming HR-related events from:

- Benefits (healthcare, retirement)
- Healthy IU
- Training & Organization Development
- Vendors (SupportLinc EAP, Fidelity, Care.com)

Updated frequently, so check often!

events.iu.edu/iuhumanrescal



Protect Your Accounts

Best Practices for Online Security

- Register and routinely monitor your accounts
- Use strong and unique passwords – don't use the same one for multiple sites
- Invest in a password manager – don't write down passwords
- Keep personal contact information current
- Close or delete unused accounts
- Beware of phishing attacks
- Be wary of free Wi-Fi



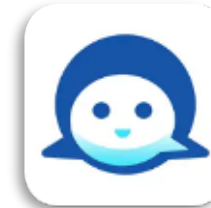
Keep Your IU Benefits at your Fingertips

IU Benefits communications are sent to your IU email:

- Open Enrollment
- Important updates/information
- Benefits education

Mobile apps to manage your benefits:

- CVS Caremark
- Anthem – Sydney Health
- Cigna Dental
- Livongo (Hypertension/Diabetes Mgmt)
- SupportLinc EAP
- Weight Watchers
- Care.com
- IU HSA/FSA (Wex)
- Fidelity NetBenefits



Fidelity

Fidelity

- Dedicated Workplace Financial Consultants
- Online tools/calculators
- Register for a virtual workshop

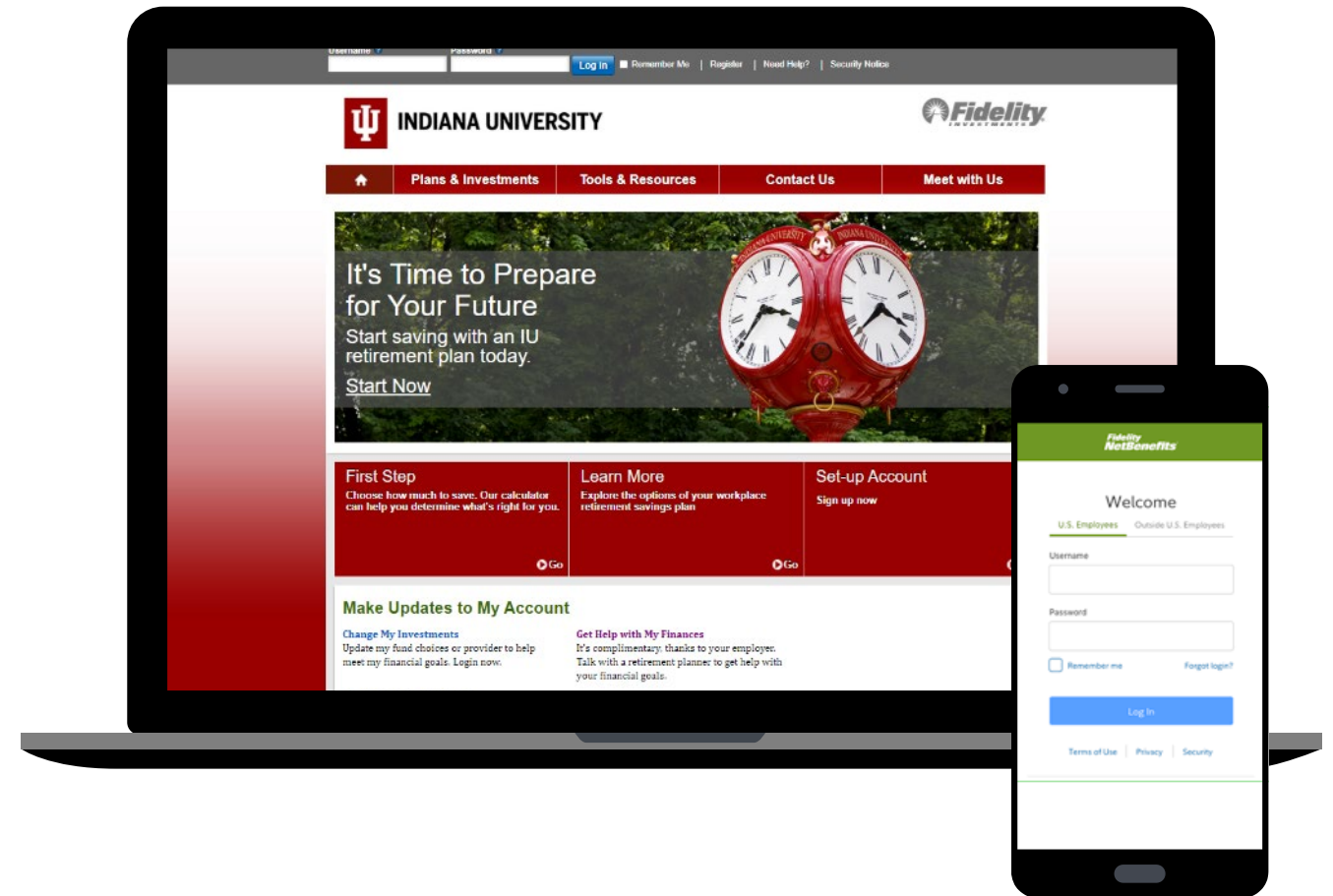
Appointment Scheduling:

800-642-4131 or

[Fidelity.com/Schedule](https://www.fidelity.com/Schedule)

Customer Service: 800-343-0860

[NetBenefits.com/Indiana](https://www.netbenefits.com/Indiana)



Contact IU

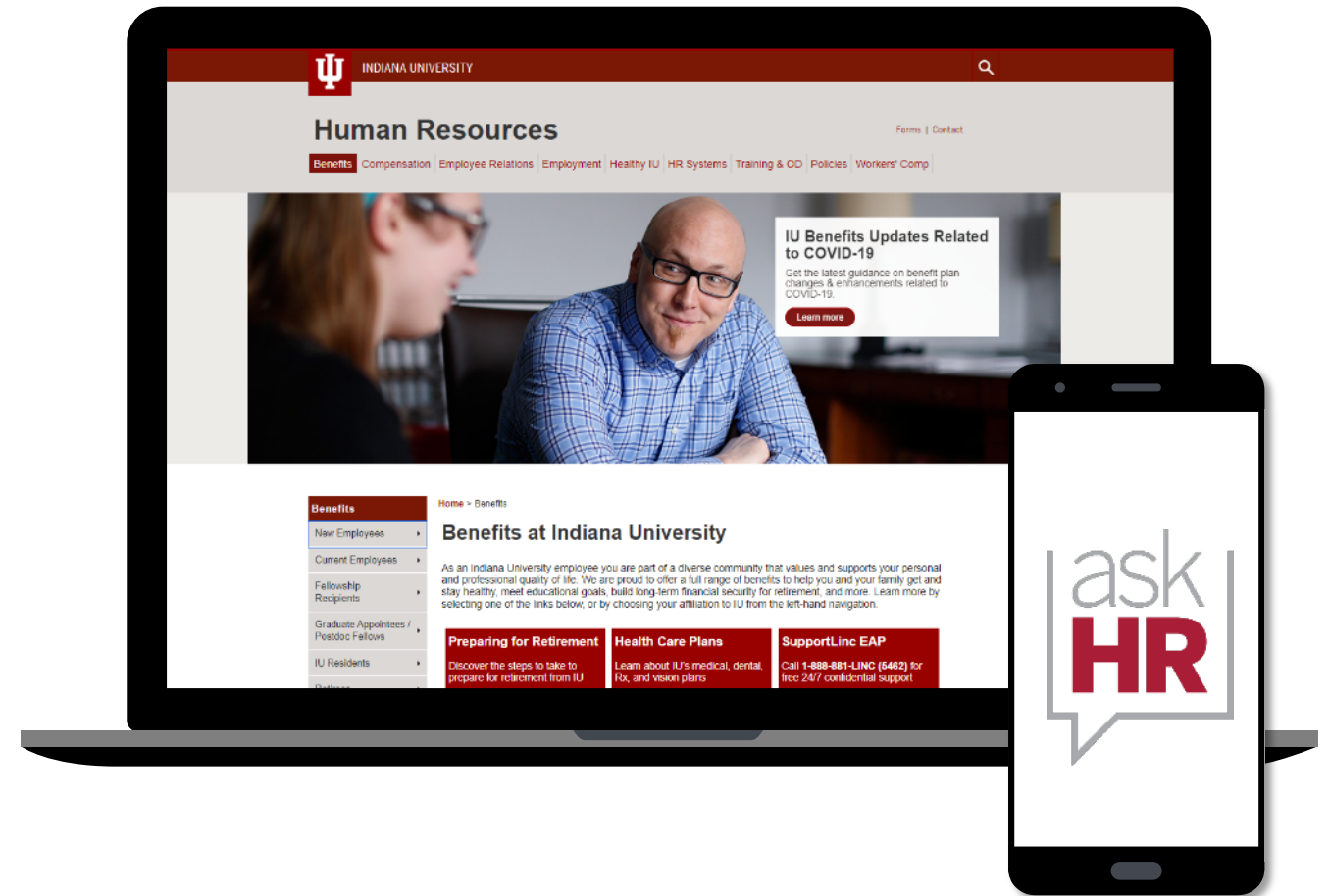
IU Human Resources



AskHR Customer Care:

askhr@iu.edu

812-856-1234



Thank You!

Questions?



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