Life Events and Your HSA

When your family situation changes, you may have options to adjust how much you contribute to your HSA and whose health expenses can be paid from the account.

You have a baby

Enroll your child in your health plan as quickly as possible. If you are going from a single to family plan, your HSA contribution limits will change on the first day of the month that you elected family coverage. This will allow you to contribute more to your HSA.

You are changing to a family plan

If your spouse loses health coverage, you can change to a family plan outside of open enrollment. In this instance, your HSA contribution limit will increase on the first day of the month that you elect family coverage.

You are getting separated or divorced

The HSA owned by one spouse may be divided or given to the other spouse by court judgment in a divorce.

You have stepchildren

Generally, you can cover stepchildren under your health plan without formally adopting them. Adding stepchildren to your plan may allow you to increase your HSA contribution. Consult your personal tax advisor for guidance.

Transitions for your children

If your child is not eligible for your health plan but is still considered your tax dependent, you can use funds in your HSA account to pay for qualified medical expenses for this child.

You lose your job or hours are reduced

If you elect COBRA benefits, you can use your HSA to pay your COBRA premiums. You can also continue to contribute to your HSA.

You retire before Medicare eligibility

If you retire before age 65, you can still use your HSA for medical expenses, such as COBRA premiums, long-term care premiums, etc. However, should you retire, accept a pension and then go to work for another employer, you can no longer use your HSA to make premium contributions before age 65.

You enroll in Medicare

Once you enroll in Medicare, you are no longer able to make HSA contributions. You can use the HSA to pay for various medical expenses after age 65. You can also use an HSA to pay for employer-sponsored health coverage, if you remain employed after age 65 or to pay for Medicare premiums.

You suffer a disability

You need not work to make HSA contributions. However, if you lose HDHP coverage under your employer's plan because you no longer work, you are ineligible to continue contributing to your HSA. You can use your HSA funds to make COBRA payments if you become eligible for COBRA coverage as a result of your disability