I will be eligible for Medicare this year but do not plan to enroll until I retire. I will remain on my employer’s insurance plan until that time. Can I keep contributing to my HSA?

Yes, if you are eligible for Medicare but do not actually enroll, you can continue to contribute to your HSA. Once you enroll in any part of Medicare, you will no longer be eligible to contribute to your HSA. Even enrolling in Part A alone will disqualify you from depositing to your HSA.

My spouse is already on Medicare and I will be covered by a consumer driven health plan this year. How much will I be able to contribute to my HSA?

If you are covering both your spouse and yourself on your consumer driven health plan (CDHP), you will be able to contribute up to the IRS family maximum to an HSA in your name, which is $6,250 for 2012. If you are 55 or older, you will also be able to make the $1,000 catch-up contribution to an HSA established in your name. If you are covering yourself only on the CDHP, you will be able to contribute up to the IRS individual maximum, which is $3,100 for 2012 plus the $1,000 catch-up (if eligible), into an HSA in your name. Your spouse on Medicare is not eligible to contribute to an HSA in his or her name, regardless of whether he or she is covered on your medical plan.

My spouse is covered by Medicare and is not covered by my CDHP. Can I pay for her expenses from the money I have accumulated in my HSA?

Yes, you can pay for eligible expenses from your HSA for yourself or your tax dependents, even if the dependent is not covered under your medical plan and even if he or she has other coverage. This includes co-pays, deductibles, and other eligible expenses for which you will not be reimbursed elsewhere.

I will be enrolling in Medicare this year. For the first part of the year, I will be covered only by my CDHP at work and the second part of the year I will be covered by Medicare. How much can I contribute to my HSA?

You will be eligible to contribute to your HSA only for the portion of the year that you are not covered by Medicare. You must prorate both your regular contribution amount as well as the catch-up contribution, if applicable. To calculate the prorated maximum contribution amount, add the IRS maximum ($6,250 or $3,100) plus the catch-up ($1,000), divide by 12 (months), and then multiply by the number of months that you will be enrolled in the CDHP and not in Medicare as of the first of the month.

What happens to the money I have saved in my HSA once I enroll in Medicare?

Although you can no longer make contributions to your HSA once you enroll in Medicare, the money that has accumulated in your account remains yours to spend tax-free on eligible expenses, including Medicare co-pays or deductibles, vision and dental expenses, or any other eligible expense listed in IRS Publication 502. If you are age 65 or over, you also have the option to withdraw the money for any purpose and pay only the income tax; no penalty applies.