

How HSAs Work With Medicare and TRICARE

To be eligible to contribute to a Health Savings Account (HSA), you cannot be enrolled in another company’s medical plan, Medicare or any other government-sponsored medical plan (such as TRICARE or VA benefits). To take advantage of the HSA offered through UTC’s High Deductible Health Plan (HDHP), you must waive and/or dis-enroll from any other coverage, including Medicare Parts A, B, C and D.

Waiving and/or dis-enrolling from other coverage, including Medicare, could carry adverse financial implications for you and your family, so we urge you to discuss this decision with your financial (or other professional) advisor before taking any action.

UTC is not making any recommendations as to the best medical coverage or tax-savings strategy for you. Additional information is available through the Social Security Administration (www.socialsecurity.gov; 1-800-772-1213 or TTY 1-800-325-0778).

Frequently Asked Questions

<p>1. What happens to my HSA if I enroll in Medicare?</p>	<p>Many people enroll in Medicare when they first become eligible at age 65 to get health coverage and avoid late entrance penalties. Medicare enrollment, however, disqualifies you from making any further HSA contributions. However, you can continue to withdraw money from your HSA after you enroll in Medicare to help pay for qualified medical expenses tax-free.</p>
<p>2. If I’m still employed and have health insurance through UTC, is it a requirement that I enroll in Medicare?</p>	<p>If you are Medicare-eligible, still working and covered by UTC’s HDHP, you may consider postponing your Medicare enrollment. You should get a letter in the mail from Medicare before your 65th birthday explaining the rules to avoid late entrance penalties. Your UTC HDHP coverage is considered “creditable” for Medicare Part D (prescription coverage). Medicare requires creditable prescription coverage in order to avoid late enrollment penalties.</p>
<p>3. What if I enroll in Social Security while still employed at UTC?</p>	<p>If you enroll in Social Security, you will be automatically enrolled in Medicare Part A. The law does not allow you to enroll in Social Security and opt out of Medicare Part A. You are not eligible to be covered by Medicare and contribute to an HSA.</p>
<p>4. What happens to the money in my HSA after I turn 65?</p>	<p>Once you are 65, you can withdraw funds from your HSA tax-free to pay for personal qualified medical expenses, regardless of whether you enroll in Medicare. Once enrolled in Medicare, you can use your HSA funds to reimburse yourself for your Medicare premiums and/or COBRA premiums, as well as Medicare/COBRA premiums for your spouse/dependents. Medicare supplement insurance or “Medigap” policies are not considered qualified expenses. HSA funds spent for reasons other than qualified medical expenses are subject to income tax.</p>
<p>5. Can I “dis-enroll” from TRICARE to contribute to an HSA?</p>	<p>It is currently not possible to dis-enroll from TRICARE. This means if you opt to additionally cover yourself through the UTC HDHP while enrolled in TRICARE, you will not be able to contribute to an HSA.</p>

6. If I am covered by Medicare or TRICARE, is there a different tax-advantaged account I can use instead of an HSA?

Yes, you may be eligible to use a Health Care Spending Account (HCSA) to reimburse yourself for qualified medical expenses. To learn more, you can:

- Chat online with a UTC Benefits Center Representative from 8:00 a.m. to 8:00 p.m. ET, Monday through Friday — the fastest way to get help.
- Connect with a Benefits Advocate to get help from a UTC benefits specialist. They are available at 1-800-243-8135 from 9:00 a.m. to 7:00 p.m. ET, Monday through Friday.