**[Employer Info & DATE]**

As you approach Medicare and Social Security eligibility, or if you are already eligible for or enrolled in either program, the [enter name] School District wants you to be aware of important rules regarding Medicare, Social Security, and a Health Savings Account (HSA). This notice is **NOT** legal guidance, nor is it comprehensive in scope. It is to alert you to key decision points and their consequences in the interplay of Medicare, Social Security, and an HSA.

**Delaying enrollment in or disenrolling from Medicare or Social Security, which is discussed below, is a serious matter, one that has significant financial and benefit implications. Therefore, before you consider doing so, please contact a local Social Security Administration office (see pg. 2) for expert guidance.**

If you made or received contributions to an HSA prior to applying for or enrolling in Medicare and Social Security:

1. These contributions are **retained** by you and may be used to pay for qualified medical expenses for you, your spouse and your tax dependents, including your Medicare premiums. Penalty-free distributions are also permitted for non-medical expenses at age 65 or older.

You areineligible to make or receive contributions to an HSA if:

1. You are enrolled in or have applied for any part of Medicare (A, B, C or D).
2. You are receiving or have applied for Social Security Benefits.
3. You have other non-CDHP health coverage.

Keep in mind:

* If you enroll in Social Security, you will be automatically enrolled in Medicare Part A.
* If you delay enrolling in Social Security, when you finally do so, enrollment in Medicare Part A may be retroactive. If so, this will result in the loss of eligibility for HSA contributions for all the months coverage was retroactive. (A pro-rated contribution formula must be applied then to the retroactivity period to avoid tax consequences.)
* If you delay enrolling in Medicare to make or receive HSA contributions, you must delay enrolling in Social Security as well.

If you are already enrolled in Medicare A (hospitalization) and/or Social Security and wish to retain or reclaim eligibility for HSA contributions:

1. You must **disenroll** from Medicare Part A.
2. If you received medical payments from Medicare Part A (or any other part), you must **pay back** to the governmentevery dollar Medicare paid out before you will be disenrolled.
3. If you disenroll from Medicare Part A and are receiving **Social Security** benefits, you must disenroll from Social Security as well and **pay back** to the government all the money you received from Social Security before you will be disenrolled from Part A.

Keep in mind:

* There is usually no penalty for delaying applying for Medicare if you are enrolled in your employer’s health plan, and usually no penalty for delaying applying for Social Security.
* But, again, you should never delay applying for Medicare or Social Security or disenroll from either program without speaking first with a staff person at the Social Security Administration. Do not make such decisions without understanding in full the actual or potential consequences.

Vermont Social Security Administration Field Offices

There are three Social Security Administration field offices in Vermont. Below are their addresses and telephone numbers. You can verify their location and telephone numbers in the future using this locator: <https://secure.ssa.gov/ICON/main.jsp>.

58 Pearl Street
Burlington, VT 05401
1-877-840-5776

33 School Street
Montpelier, VT 05602

1-877-505-4542

330 Asa Bloomer State Office Bldg.

88 Merchants Row
Rutland, VT 05701

1-866-690-1944

IRS Regulations on HSAs (and other tax-favored, health spending accounts)

You will find IRS rules on HSAs at this link: <https://www.irs.gov/publications/p969/index.html/>.

AARP Guidance on HSAs, Medicare & Social Security

The link below is to an article prepared by AARP. It is a well-written, updated in October 2016, and provides a concise overview of many of the issues discussed in this memorandum. We believe you will find it helpful.

<http://www.aarp.org/health/medicare-insurance/info-04-2009/ask_ms_medicare_question_53.html>