

Designating a beneficiary for your HSA

Protect your assets. Protect your loved ones.

What is a beneficiary?

A beneficiary is a person or legal entity that has been designated to receive the proceeds from your Health Savings Account (HSA) in the event of death. A beneficiary can be one or more individuals (i.e., spouse, children, relatives, or friends) or organizations, such as a trust or charity. You can designate two types of beneficiaries:

1. **Primary beneficiaries** are first to receive the designated asset upon your death. If you name more than one primary beneficiary, each will share the benefit equally, unless you indicate specific percentages totaling 100 percent are to be paid.

2. **Secondary (contingent) beneficiaries** receive the asset if there are no surviving primary beneficiaries upon your death. Multiple contingent beneficiaries will share the benefit equally, unless you indicate specific percentages totaling 100 percent are to be paid.

You may designate a beneficiary to receive your HSA assets in the event of your death. If you name your spouse as beneficiary, your spouse can elect to treat the HSA as their own. In such case, your spouse will not owe taxes or penalties provided when they use the HSA for IRS-qualified medical expenses. If you designate a non-spouse beneficiary, they must take a distribution of the funds. A non-spouse beneficiary will have to pay income tax on the amount received, but will not have to pay a penalty tax. Beneficiary designations can generally be made through the Member Website. However, if you are married, live in a community property state, and designate a non-spouse primary beneficiary, you must submit a beneficiary form with the notarized consent of your spouse.

Why it's important to designate a beneficiary

One of the most neglected areas of retirement planning is beneficiary designation. By having a designated beneficiary in place at the time of your death, the assets of your HSA can be distributed according to the designation. If you die without having a valid beneficiary designation, your HSA will be distributed to your estate.[1]

Review your beneficiary designations

By periodically reviewing your beneficiary designations for your HSA, you can rest assured that your assets will be distributed according to your wishes. It is also recommended to keep up-to-date copies of your beneficiary designation forms.

Circumstances for which a review is recommended

You experience a major life event such as a birth, marriage, dissolution of marriage or domestic partnership, or death in the family.

You update your estate plan. Consult with your legal advisor when you update your estate plan to determine whether your HSA beneficiary designations also need to be updated.

You receive a beneficiary verification notice.

Designate a beneficiary with HSA Bank[1]

Designate a beneficiary or update your current beneficiary in the Member Website. You'll be asked to provide information about your chosen beneficiary, including their Social Security number and birthdate.

[1] You may designate one or more persons or entities as the beneficiary(ies) of your HSA. This designation can only be made in a manner or form prescribed by us and will only be effective when filed with us during your lifetime. Except when adding beneficiaries, each beneficiary designation you file with us will cancel all previous designations. Unless otherwise provided under applicable state law, you may alter or revoke a beneficiary designation without the consent of any beneficiary previously named. You may designate one or more primary beneficiaries and one or more contingent beneficiaries. Your benefit will be paid in equal shares to your primary beneficiary(ies) who survive you unless your beneficiary designation provides otherwise. If a primary beneficiary does not survive you, his or her interest will lapse and the interest of any remaining primary beneficiaries shall be increased on a pro rata basis unless your beneficiary designation provides otherwise. Contingent beneficiaries shall be treated as primary beneficiaries only if all primary beneficiaries die before you. If you do not file a beneficiary designation form with us, if you file an incomplete or invalid form, or if no designated beneficiary survives you, your beneficiary shall be your estate. We will determine who the beneficiaries are in each case, consistent with your designation and this Agreement, and our determination will be final and binding on all parties in interest. We will not be liable to any beneficiary for paying your surviving spouse any amount that may be required to satisfy state marital or community property laws, and we may delay all or a portion of any payment while we make this determination. For more information regarding non-spousal beneficiaries, or beneficiaries under the age of 18, including disbursement procedures, please contact HSA Bank.

Visit **hsabank.com**
or call 877-848-0241
for more information.

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