

Things to consider when designating a beneficiary for your health savings account (HSA)

You have the option to list one or more persons to be the primary and contingent beneficiaries for your HSA (including your estate or a trust, as applicable). Before you make your beneficiary designation, you should consider how the HSA funds will be treated from a tax perspective based on the beneficiary (ies) you designate.

Considerations for married account holders

- **If you designate your spouse as the beneficiary of your HSA**, the account will be treated as your spouse's HSA after your death (as of the date of death) and will maintain its tax efficient status.
- **If you designate someone other than your spouse as the beneficiary**, the account will no longer be considered an HSA and the fair market value of the account will become taxable to the beneficiary in the year in which you die. Please note, if you live in a community property state (for example AL, AZ, CA, ID, LA, NV, NM, TX, WA, or WI), and want to designate a primary beneficiary other than your spouse, your spouse must agree in writing to your designation.

Considerations for single account holders

- **If you designate a beneficiary (ies) for your HSA**, the fair market value of the HSA becomes taxable to the beneficiary (ies) in the year in which you die since the account no longer qualifies as an HSA.

Considerations for all account holders

- If you designate a minor as the beneficiary, a guardian must hold and manage the money until the beneficiary reaches the age of majority. Your estate may incur additional legal and other expenses to appoint a guardian for the minor beneficiary. For specific legal implications regarding beneficiary designations, contact your legal advisor.
- If no record of a beneficiary is on file with HealthEquity, the HSA will pass to your estate and be distributed as directed by the personal representative of the estate and the value will be included on your final income tax return.
- The amount taxable to a beneficiary, other than the estate, is reduced by any qualified medical expenses for the decedent that are paid by the beneficiary within one year after the date of death.



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You can access the beneficiary form at http://resources.healthequity.com/Forms/Beneficiary_Designation_Form_20130911.pdf.

If you need assistance, call HealthEquity Member Services at 888.462.1896.