

New job. New career. And a new health savings account (HSA).

This scenario can play out often over the course of your life. The average person changes jobs 5.7 times just between the ages of 18 and 24. We change jobs less as we get older, but the average is still 1.9 times between ages 45 and 52.

Since HSAs are employee-owned, they stay with you even when you leave your employer. The funds are always yours. As you change jobs, you may have two, three, four, or more of these accounts open.



Whether you plan on opening an HSA at your next employer or not, there are still some things to know about what to do with your current HSA account.

## **What happens when you leave the employer you opened the HSA with?**

If you elect the HDHP with a future employer (including BGDC), and want to contribute through payroll deductions to an HSA (and receive employer contributions, if any), you'll need to open up an HSA with the new employer's custodian.

You have several options for handling HSA balances with previous HSA custodians:

1. Leave the funds with the prior HSA custodian (if they allow individual accounts\*) and continue to earn interest and even invest (if applicable for that custodian)
2. Leave the funds with the prior custodian (if they allow individual accounts\*) and spend them over time until you reach a \$0 balance then officially close that account so you don't incur service charges. You can continue to use the funds in your HSA any time in the future without tax implications as long as you continue to spend the dollars on HSA eligible expenses, even if you're no longer covered on an HDHP.
3. Transfer the funds to an HSA at your next employer (such as BGDC)

Keeping multiple HSA accounts open at different HSA custodians could come at a higher cost to you since multiple accounts could mean multiple banking fees. And multiple HSAs can also mean multiple online accounts to manage and multiple debit cards to keep track of. It could also reduce the potential earnings through interest and investment opportunities.

*\*Different HSA bank custodians have different rules about transitioning your HSA to an individual account through them (rather than through your employer as a group offering), so you will need to confirm that. They may also charge you a monthly account fee. If they don't allow individual accounts, then you will need to transfer those funds to a new HSA bank, which could either be through a new employer or through an individual HSA account bank of your choosing.*

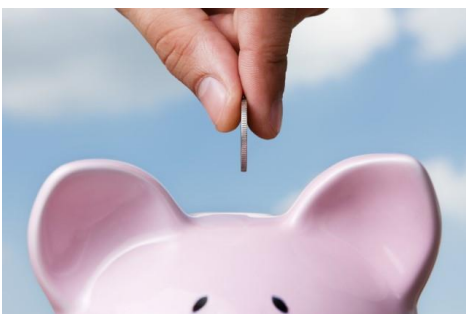
## Advantages of transferring your HSA funds from a previous employer:

1. **Simplicity:** By consolidating your HSAs into one account, you don't have to keep track of balances in multiple accounts, and you won't have multiple sets of tax documents after the transfer year. It's also simpler to track expenses and balances with one account, one debit card, and one mobile app.
2. **Fees:** If you have an HSA from a prior employer, you may be responsible for paying the monthly administration fee and possibly other fees through a deduction from your HSA. These fees can reduce your account balance over time. By rolling over your HSA funds to the provider your employer currently works with, there's a good chance the admin fee is being covered by your employer.
3. **No closure due to inactivity:** If your HSA is still with a previous employer, and there's no account activity on the account for a certain amount of time, and/or the account balance drops below a certain threshold, the previous provider may close the HSA.
4. **Ability to meet investment thresholds:** One of the advantages of an HSA is that it can give you the option to invest the assets in the account once it reaches a certain balance. If you have multiple HSAs with different HSA providers, you may not have enough money in any of them to reach that investment threshold. By consolidating your HSA assets in one account, your account balance may be high enough to give you the option if you wish to start investing.
5. **Maintain employer support:** If you have any issues with an HSA provider that your current employer doesn't work with, you may have to handle those issues directly with the HSA provider, without any employer support.
6. **Keep pre-tax contributions via payroll deductions:** If you continue contributing to your old HSA, you must do it via direct, post-tax payments to the previous provider, rather than via pre-tax payroll deductions. This means rather than getting the income tax advantages upfront as payroll contributions, you'll need to take the HSA deductions when you file your taxes.

## Transferring HSA Funds

The simplest way to reduce the number of HSAs you have open is to complete an HSA transfer\*. This process is completed between your new and former HSA custodians. Because you never take ownership of the funds during the transfer, you're allowed to complete as many transfers as you need to. You also don't need to report a transfer on your tax return.

If you choose to transfer your prior HSA funds over to either an individual HSA partner or the BGDC HSA banking partner, **there is a specific process that you must follow carefully. If you do not complete the transfer per IRS rules, your funds could be subject to taxes and/or face a 20 percent penalty if they're viewed as a rollover instead of a transfer.**



*\*Please note that there is also a transaction called an HSA rollover, but it does have potential tax implications. All the information provided in this section is related to an HSA transfer, which is the most common transaction.*

Similar to a 401(k) transfer from one trustee to another, **your HSA funds cannot come to you in any manner.** They must go from HSA bank to HSA bank directly. If you are considered in receipt of the funds in any way, even just receiving a check that you then plan to forward to the new HSA bank, this will be considered a rollover (or distribution), and you may be assessed taxes and penalties per HSA law. The new HSA bank will also consider it part of your annual contribution maximum when you deposit it, whereas if it's handled correctly as a transfer it will not count as part of your annual maximum. Direct transfers to your HSA from 401(k), 403(b) and 457 plans are not permitted.

To initiate the HSA to HSA transfer, you will need to contact your prior HSA bank to ask them how to submit the request for the transfer. You will also need to have your new HSA bank account information (routing and account number) so they know where and how to send the funds. There will be an HSA transfer form that you'll be asked to complete with that information and submit to the prior HSA bank.

To complete the transfer, use the following process:

- Request an HSA Advantage transfer form from Chard Snyder (located on the BGDC St. Louis microsite)
- Complete and forward the form to the bank that holds your previous health savings account funds (you will need your new HSA account information for this)
- The prior bank issues a check for the amount you requested and sends it directly to HSA Advantage for deposit
- Your funds are not available from either account for a period of days or weeks during the transfer. It may take up to 60 days to complete the entire process and you will not have access to those funds during that time.
- The original bank may choose not to close an account with a minimum or negative balance. Check with that bank for additional details on how to officially close your prior HSA balance.

### Timing of an HSA Transfer

The timing of the HSA transfer request is important. You will need your new HSA bank account established, as you'll need to provide that account information on the transfer form.

You will also likely want to wait a decent period of time before you submit the transfer request, because it will tie up the HSA funds in your prior HSA for a period of a month or two until this transfer is completed. So if you plan to be using HSA dollars for expenses in the near future, you need to wait until you have accumulated funds in your BGDC HSA before you request the transfer.

Please visit the BGDC St. Louis benefits microsite for more information regarding the BGDC HSA administration through Chard Snyder.

<https://bgdcstl.hrbenefits.net/>