

Health Savings Account (HSA)

Beneficiary Designation Frequently Asked Questions (FAQs)

**Q: WHAT IS A BENEFICIARY?**

A: A beneficiary is the person or legal entity who will receive your Health Savings Account (HSA) funds when you pass away.

Q: Why should I designate a beneficiary?

A: Designating a beneficiary is important to ensure, in the event of your passing, the funds in your HSA easily transfer to whom you intend. You can choose one or multiple beneficiaries and assign percentages to each.

Q: Can I designate more than one beneficiary?

A: Yes. You can choose to have multiple beneficiaries and assign each beneficiary the percentage of HSA funds you'd like each beneficiary to receive.

There is no limit to the number of beneficiaries you can designate through the UMB Healthcare Services Online website.

If you are designating beneficiaries manually, using the paper version of the HSA Beneficiary Designation Form, and would like to designate more than four (4) primary or four (4) secondary beneficiaries, please contact UMB.

Q: Who is responsible for designating a beneficiary?

A: Only you, the HSA accountholder, can designate a beneficiary on your HSA. Because it is your responsibility, it is up to you to make sure the beneficiary information you provide is accurate and complete for each beneficiary you designate. UMB cannot make independent determinations regarding your beneficiaries, check the accuracy of the information you have provided or advise you on the designation of beneficiaries.

Q: When can you designate a beneficiary?

A: You can change your beneficiary at any time. UMB will update your HSA to reflect your designations as UMB receives them and the designation received most recently will be followed. This means, if you make multiple designations within a short period of time, the designation received by UMB most recently will be the designation reflected on your HSA.

Q: What happens if you designate your spouse as a beneficiary?

A: If your spouse is the only designated beneficiary, your HSA will be transferred to your spouse and they will own the HSA. When your HSA is transferred, your spouse will receive all the same benefits of HSA ownership you currently enjoy including, making tax-free withdrawals to pay for qualified health care expenses. Your spouse may use the HSA with any type of health care plan, but will only be allowed to make HSA contributions if your spouse is enrolled in an HSA-eligible health insurance plan.

Q: What happens if you designate someone other than a spouse as a beneficiary?

A: When you designate someone other than a spouse as a beneficiary, the tax benefits of HSA ownership do not transfer to the beneficiary. The balance of the HSA will be distributed to your beneficiary and your beneficiary will be responsible for any tax implications resulting from the distribution the year you

pass away. In some states you cannot designate someone other than your spouse without your spouse's written permission.

If you wish to designate someone other than your spouse as a beneficiary please consult a tax or legal professional.

Q: What happens if you designate your estate as a beneficiary?

A: You can name your estate as beneficiary. The assets in the HSA will be transferred to your estate and treated as taxable income on your final tax return.

Q: What happens if you don't designate a beneficiary?

A: If you are married and your spouse notifies UMB of your passing, UMB will treat your spouse as the designated beneficiary and the HSA will transfer to the spouse along with all the tax benefits. If you are single, the balance of your HSA will transfer to your estate to be included in your final tax return.

Q: Should you consult with a tax professional?

A: Tax issues surrounding HSAs and beneficiaries are unique and complicated. It is a good idea to consult with a tax professional if you have any questions about the tax consequences for a beneficiary designation. UMB is unable to provide tax guidance and other related information.

Q: What does your beneficiary need to know?

A: In the event of your death, your beneficiary will need to complete and return the UMB HSA Deceased Distribution Form and provide all required supporting documentation. Once UMB has received all the necessary documentation, the funds in your HSA can be transferred to your beneficiary. This form can be obtained by contacting UMB.

Your beneficiary has up to one year to use the funds in your HSA to pay for any qualified medical expenses incurred prior to your passing on a tax-free basis. It is important for your beneficiary to understand they will need to provide proof any distributions made from your HSA in the one-year period following your passing was a qualified medical expense that was not previously paid from the HSA.

Q: How do you designate a beneficiary?

A: You may designate a beneficiary online, by providing the information electronically, or by completing the UMB HSA Beneficiary Designation Form and returning the completed Form to UMB.

To designate a beneficiary online, log into your UMB Healthcare Services Online account via **UMB.com/HSA**, click the Account drop down arrow in the upper right-hand corner next to the last four digits of your HSA account number, select Profile from the dropdown menu, then locate Beneficiary Designation section.

If you'd prefer to manually complete the UMB HSA Beneficiary Designation Form, you can download the form by logging into your UMB Healthcare Services Online account via **UMB.com/HSA**, clicking Resources at the top of the screen and then selecting Documents and Forms.