

Designating A Beneficiary For Your HSA

What is a Beneficiary?

In the event of a death, a beneficiary is a person or legal entity that has been designated to receive the proceeds from your Health Savings Account (HSA). You may choose 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 the first to receive the designated assets upon your death. If you designate more than one primary beneficiary, each will share the benefit equally unless you indicate specific percentages totaling 100 percent are to be paid.
- 2 **Contingent Beneficiaries** receive the assets 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.

If you name your spouse as beneficiary, your spouse can elect to treat the HSA as his or her own. In such case, your spouse will not owe taxes or penalties provided he or she uses the HSA for IRS-qualified medical expenses. If you designate a non-spouse beneficiary, he or she 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.

Why Designating A Beneficiary Is Important

If you were to die without having a valid beneficiary designation, your HSA will be distributed to your estate. By having a designated beneficiary in place at the time of your death, the assets of your HSA can be distributed according to your designation.

Circumstances To Review Your Beneficiary

- You Experience A Major Life Event. (childbirth, marriage, dissolution of marriage or domestic partnership, or have a death in the family)
- You Update Your Estate Plan.
- You Receive A Beneficiary Verification Notice.



You may designate one or more persons or entities as a 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 law, you may alter or revoke a beneficiary designation without 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 Bank of Brenham.



For Assistance, Please Contact Us

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* Bank of Brenham does not provide tax advice.
Consult your tax professional for tax-related questions.