

What Happens to My Health Savings Account When I Leave My Job?

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Leaving a job can be stressful, regardless of the circumstances. After tendering your resignation letter, it's important to consider what to do with your employer-sponsored benefits, including your 401(k), health insurance, final compensation, and Health Savings Account (HSA). While some benefits may be tied to your employment agreement, the good news is that your HSA remains yours even if you leave your employer and change your insurance coverage. This means you can keep all your contributions, employer contributions, and investment growth within the account. As for what you should do with this account upon leaving your job, you have a few options.

What Are My Options?

Transfer To Your New Employer HSA

If you sign up for a new employer's High-Deductible Health Plan (HDHP) and they offer you an HSA, you can transfer your old HSA into the new one. By consolidating your accounts, you get to keep all your money in one place, which makes it way easier to keep tabs on your funds. When individuals have too many accounts floating around, they run the risk of losing track and potentially losing money.

Transfer To a New HSA Provider

If you are retiring or your new employer does not offer an HSA, you can still move over your account to a new provider. We often recommend shopping around for new providers if you believe your current one has high administrative fees and investment costs. Another reason individuals gravitate towards this option is for consolidation. If you have multiple HSAs, you may want to move them all to one provider for simplicity.

Leave The Account Alone

If you like your current provider, it may be in your best interest to leave the HSA where it is. However, you should contact them and find out how much you will be charged monthly for administrative costs. It's possible your employer was covering these costs, but once you leave your job, the costs will be your responsibility.

The Bottom Line

An HSA is one of the best accounts you can have in your retirement. If done properly, you can have a trifecta of tax benefits: tax-deductible contributions, tax-deferred growth, and tax-free withdrawals. Whether you leave the account where it's at or move it over to your new employer, understanding your options can help you navigate this job transition with ease.