

Indexed Amounts for Health Savings Accounts

HSA Annual Contribution

	2021	2020	2019	2018
Single	\$3,600	\$3,550	\$3,500	\$3,450
Family	\$7,200	\$7,100	\$7,000	\$6,900

HSA Catch-Up Contribution for Individuals Age 55 and Older

2021	2020	2019	2018
\$1,000	\$1,000	\$1,000	\$1,000

Married couples covered by HSA-eligible high deductible plans without other first dollar coverage and who are both age 55 or older may each make an additional catch-up contribution (\$1,000), but they will each need to open an HSA in their own name to allow them each to fund a catch-up contribution.

Contribution Rules

Full-Contribution Rule

The full-contribution rule allows a full year's worth of HSA contributions (including the catch-up contributions for those age 55 and older) for someone who is HSA eligible for only a portion of the year. Under the full-contribution rule, an individual that becomes covered under an HDHP in a month other than January and who is an HSA-eligible individual on December 1 of that year (has HDHP coverage and no disqualifying coverage on December 1) is then treated as having been an eligible individual during every month of the year. The full-contribution rule does not apply to an individual who is not an HSA-eligible individual on December 1 of the taxable year.

For example: Mary, age 45, has family HDHP coverage and is an HSA-eligible individual effective July 1, 2019 and maintains her family HDHP coverage through December 31, 2019. Mary may contribute \$7,000 for the calendar year 2019.

13-Month Testing Period

If the individual makes HSA contributions under the full-contribution rule, and the individual does not remain HSA-eligible (for reasons other than death or disability) during the 13-month "testing period" (beginning with the December of the year for which those contributions were made and ending on the last day of the 12th month following that December), then the maximum contribution is prorated. If the contribution made is greater than the prorated amount, then the extra contribution will be included in income and subject to a 10% additional tax. This penalty cannot be avoided by withdrawing such amounts from the HSA, even if the withdrawal was made by April 15.

For example: Adam, age 53, enrolls in family HDHP coverage on December 1, 2019, and is otherwise an HSA-eligible individual on that date. He is not an eligible individual in any other month of 2019.

Under the Full Contribution Rule he is eligible to contribute \$7,000 (the family maximum contribution for 2019). According to the 13-Month Testing Period, Adam must remain HSA eligible through December 31, 2020 to avoid adverse tax consequences. The 13-Month Testing Period begins with December of the year for which the contributions were made and ends on the last day of the 12th month following that December.

Change in HDHP Coverage Type (single vs family)

If an individual changes coverage type mid-calendar year, he may contribute up to the greater of (a) maximum amount that may be contributed for the taxable year, based upon his actual HDHP coverage (i.e. single vs family) for each month of the year or (b) the full HSA contribution limit for the taxable year based on the type of HDHP coverage that he had on December 1 of that year.

For example: Gilda, age 38, enrolls in family HDHP coverage on January 1, 2019, and is an HSA-eligible individual on that date. She switches to self-only HDHP coverage on September 1, 2019 and retains that coverage through December 31, 2019. She is an eligible individual for all twelve months in 2019. She may contribute up to \$5,833.28 to an HSA for 2019 which is calculated as \$4,666.64 (8/12 x \$7000) + \$1,166.64 (4/12 x \$3,500).

"Special Rule" for Married Individuals

Married individuals (same and/or opposite sex) who are both HSA-eligible individuals may divide their annual HSA contribution limit in any way they want, including allocating nothing to one spouse. If both spouses have family coverage, they may contribute up to the annual family maximum divided between the two of them. If one spouse has family coverage and the other has single, they may contribute up to the annual family maximum divided between the two of them. If each has single coverage, they may each contribute up to the annual single maximum.

HSA-ineligible Mid-calendar Year

If an individual becomes covered by other first dollar coverage and/or terminates HSA-eligible coverage during a calendar year, and is not HSA-eligible on December 1 of that year, the maximum contribution is prorated based on the number of full months he is eligible in that calendar year.

For example: Meredith, age 30, has self-only HDHP coverage and is an HSA-eligible individual for the first four (4) months of 2019. The maximum HSA contribution for an individual with self-only HDHP coverage for 2019 is \$3,500. Meredith has until July 15, 2020 (the due date for filing her 2019 federal income tax return, without extensions) to contribute a maximum of \$1,166.64 (4/12 x \$3,500) to her HSA. This contribution would be made on a post-tax basis, then deducted on her personal tax return.

Health Plan: Minimum Deductible HSA-Compatible HDHPs

	2021	2020	2019	2018
Single	\$1,400	\$1,400	\$1,350	\$1,350
Family	\$2,800	\$2,800	\$2,700	\$2,700