



COMPLIANCE SNAPSHOT

Health Savings Account (HSA) Contribution Limits

For each month an individual is eligible for an HSA, he or she may contribute one-twelfth of the applicable maximum contribution limit for the year. In general, the applicable maximum contribution limit depends on whether the individual has self-only or family coverage under a high deductible health plan (HDHP) on the first day of the month and whether they are eligible for a “catch-up” contribution.

Contribution Limits

For 2023, the annual maximum contribution limit is \$3,850 for individuals with self-only coverage and \$7,750 for individuals with family coverage. For 2024, these limits increase to \$4,150 and \$8,300, respectively. Eligible individuals who are 55 or older by the end of the tax year can increase their contribution limit up to \$1,000 a year as a catch-up contribution.

Special Rules

The last-month rule is a special exception to the general rule for determining the maximum amount of HSA contributions for a year. Under the last-month rule, an individual is treated as HSA-eligible for the entire calendar year for purposes of HSA contributions if he or she becomes covered under an HDHP in a month other than January and is HSA-eligible on Dec. 1 of that year. There is also a special contribution limit for married individuals, which provides that if both spouses are HSA-eligible and either have family HDHP coverage, the spouses’ combined contribution limit is the annual maximum limit for individuals with family HDHP coverage.

Contribution Timing

HSA contributions do not have to be made as monthly payments. They can be made in one or more payments during the year, as determined by the HSA owner (and his or her employer for pre-tax payroll contributions), at any time prior to the deadline for filing the individual’s tax return for that year (typically, April 15 of the following year).

Provided to you by **ECBM, LP**

Last-month Rule

- An individual who becomes HSA-eligible during a year is treated as eligible for the entire year if they are eligible on Dec. 1 of that year.
- The eligible individual is treated as enrolled in the same HDHP coverage (that is, self-only or family coverage) as they have on Dec. 1.
- To use this special rule, an individual must remain HSA-eligible through Dec. 31 of the following year.

Limit for Spouses

- If both spouses are HSA-eligible and either have family HDHP coverage, the contribution limit is split between them.
- The contribution limit is divided equally between the spouses unless they agree on a different division.
- This special limit for spouses does not apply to catch-up contributions. Each spouse may contribute up to \$1,000 to their own HSA.

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