

# Have you added or dropped a high-deductible health plan (HDHP)?

Here some questions you should consider about your HSA (health savings account)



If you’ve made changes to your health plan because you started a new job, enrolled in Medicare or work for an employer whose benefits renew midyear, you may still be able to contribute to your HSA on a prorated basis. That means figuring out how much you can contribute based on how long you had an HDHP during the year.

## Covered by an HDHP for the whole year?

If you were eligible to contribute to an HSA on the first day of the last month of your tax year (e.g., December 1, 2023), you are considered eligible for the entire year (e.g., through December 31, 2024). This last-month rule is true only if you stayed enrolled in an HSA-qualifying HDHP during that time.

## Covered by an HDHP for part of the year?

The IRS determines HSA contribution limits each year based on a calendar year. If you didn’t have an HDHP for a full year, use the chart at right to determine your prorated contribution limit for the time you had an HSA.

Prorated contribution limits for 2024

Number of months	Individuals	Family
12	\$4,150	\$8,300
11	\$3,804	\$7,608
10	\$3,458	\$6,916
9	\$3,112	\$6,225
8	\$2,766	\$5,533
7	\$2,420	\$4,841
6	\$2,075	\$4,150
5	\$1,729	\$3,458
4	\$1,383	\$2,766
3	\$1,037	\$2,075
2	\$691	\$1,383
1	\$345	\$691

## What if you change coverage midyear?

You may also be able to apply the last-month rule if you change coverage midyear. For example, let's say Erika changed coverage from individual to family on July 1, 2023. She can contribute the full family maximum amount that year, as long as she maintains family coverage from December 1, 2023, through December 31, 2024.

But what if in July Erika changed from family coverage to individual coverage midyear? She can contribute more than the individual maximum contribution but less than the family maximum contribution for the year.

**To calculate her contribution limit, she would:**

1. Use the chart on page one to determine her prorated individual contribution limit and her prorated family contribution limit for six months.
2. Add those prorated limits together.

<b>Prorated individual limit</b>	<b>\$2,075</b>
<b>Prorated family limit</b>	<b>+ \$4,150</b>
<b>Total prorated contribution for 2024</b>	<b>= \$6,225</b>

(Based on changing coverage from family to individual on July 1, 2024.)

## Do these rules apply to catch-up (55+) contributions?

Catch-up contributions are also subject to the proration and last-month rules. In general, and unless the last-month rule applies, an individual must be eligible for 12 months to contribute the total annual catch-up contribution (\$1,000).

**To calculate the catch-up contribution limit:**

1. Divide the total available catch-up contribution amount (\$1,000) by 12.
2. Multiply the result by the number of months that you qualify that year.

For example, let's say George enrolled in Medicare on July 1, 2023, and was no longer eligible to contribute to his HSA. He would calculate his catch-up contribution amount as follows:

$$(\$1,000 \div 12) \times 6 = \$500$$

(Amounts are rounded for example purposes.)



## Contributed too much?

1. Sign in to your account at **optumbank.com**
2. Fill out the Excess Contribution and Deposit Correction Request in the Help & Tools tab/HSA Forms section.
3. Indicate that the withdrawal is for an excess contribution on the form.

**Note:** You need to take action by the tax deadline to avoid paying tax on the excess contribution amount as well as an excise penalty.



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