

Every year the Internal Revenue Service (IRS) sets maximum contribution limits for health savings accounts (HSAs). Failure to observe these limits may result in tax penalties as outlined in [IRS Publication 969](#). PayFlex is required to report HSA contribution information to the IRS.

The chart below outlines the contributions amounts provided by the State, employee annual maximum contribution to avoid tax penalties, and 2018 IRS annual maximum contribution limit.

HSA Contribution			
Coverage Type	State Contribution	Employee Annual Contribution Maximum	Annual IRS Contribution Maximum
Employee	\$27.69 per pay period Up to \$719.94 annually ¹	\$2,730.06	\$3,450.00
Employee + Adult	\$55.38 per pay period Up to \$1,439.88 annually ¹	\$5,410.12	\$6,900.00
Employee + Child	\$55.38 per pay period Up to \$1,439.88 annually ¹	\$5,410.12	\$6,900.00
Family	\$55.38 per pay period Up to \$1,439.88 annually ¹	\$5,410.12	\$6,900.00

¹Subject to effective date of enrollment and remaining pay periods.

Eligibility to Contribute

Your eligibility to contribute to an HSA for each month is generally determined by whether you have High Deductible Health Plan (HDHP) coverage on the first day of the month. If you are enrolled in Medicare or Medicaid, you are not eligible for an HSA Plan. If you had HSA when you enrolled in Medicare or Medicaid you can still use the funds. You just cannot contribute to the account. Medicare members are not eligible to contribute to a HSA account effective the month of Medicare entitlement (effective date of Medicare Parts A and/or B).

Contribution Options

All contributions made to the Health Savings Account are subject the annual IRS maximum amount as indicated in the chart above. Using the chart above you may calculate the amount of contributions you can elect using the following methods:

- Payroll deductions up to 26 pay periods annually
- Checks, or money orders
- Electronic funds transfer from personal bank account
- Rollover from IRA (one-time transfer from IRA up to permitted annual HSA contribution limit)
- Trustee to Trustee transfer from Archer MSA or other HSA

Additional Contribution

For 2018, if you are an eligible individual who is age 55 or older, your contribution limit may be increased by \$1,000.

Reduction of Contribution Limit

You must reduce the amount that can be contributed (including any additional contribution) to your HSA by the amount of any contribution made to your Archer MSA for the year. A special rule applies to married people if each spouse has family coverage under separate HDHPs.

When You Can Contribute

We report calendar year contributions you made to your HSA from your paycheck. You can make direct contributions to your HSA designated for 2018 until April 15, 2019, contact Payflex to find out how.

Contribution Limit

The amount that you can contribute to an HSA is based on a number of factors. These include the coverage type, how long you are enrolled in the HDHP, your age, and annual IRS contribution amount. Examples have been included below:

Example #1: <i>An employee younger than 55 years old enrolled in the HDHP with <u>employee only</u> coverage from January 1st – December 31st</i>	IRS Maximum	\$3,450.00
	State Contribution	- 719.94
	Employee Max Contribution	\$2,730.06
	26 payroll deductions of approximately \$105 per pay period	

Example #2: <i>An employee younger than 55 years old enrolled in the HDHP with <u>employee only</u> coverage from March 10th – December 31st. The contribution maximum is prorated based on the length of coverage left on the plan.</i>	IRS Maximum ($\$3,450 \div 12 \times 10$ months of coverage)	\$2,875.00
	State Contribution ($\$27.69 \times 21$ pay periods)	- 581.49
	Employee Max Contribution	\$2,730.06
	21 payroll deductions of approximately \$109.21 per pay period	

Example #3: <i>An employee older than 55 years old enrolled in <u>family</u> coverage from January 1st – December 31st</i>	IRS Maximum	\$6,900.00
	Additional Age Contribution	+1,000.00
	State Contribution	-1,439.88
	Employee Max Contribution	\$6,460.12
26 payroll deductions of approximately \$248.46 per pay period		

Example #4: <i>An employee younger than 55 enrolled in the HDHP with <u>employee only</u> coverage on January 1st has a Qualified Life Event to change to <u>employee + child</u> coverage effective April 7th. The contribution maximum is calculated by prorating the IRS maximum for each coverage type.</i>	Employee Only January 1 – April 6		Employee + Child April 7 – December 31	
	IRS Maximum ($\$3,450 \div 26$ total pay periods = \$132.69 \$132.69 X 8 pay periods)	\$1,061.52	IRS Maximum ($\$6,900 \div 26$ total pay periods = \$265.38 \$265.38 X 18 pay periods)	\$4,776.84
State Contribution ($\$27.69 \times 8$ pay periods)	- 221.52	State Contribution ($\$55.38 \times 18$ pay periods)	- 996.84	
Employee Max Contribution	\$840.00	Employee Max Contribution	\$3,780.00	
8 payroll deductions of approximately \$105 per pay period		18 payroll deductions of approximately \$210 per pay period		

For more information about the HSA programs you may contact:

Aetna (Policy Number 476687)
1-866-217-1953 or visit their website at aetna.com

Payflex
1-866-217-1593 or visit their website at payflex.com