

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. Optum Financial is required to report HSA contribution information to the IRS.

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

HSA CONTRIBUTIONS - 2023			
Coverage Type	State Contribution	Employee Annual Contribution Maximum	Annual IRS Contribution Maximum
Employee	\$27.69 per pay period Up to \$719.94 annually ¹	\$3,130.06	\$3,850.00
Employee + Adult	\$55.38 per pay period Up to \$1,439.88 annually ¹	\$6,310.12	\$7,750.00
Employee + Child			
Family			
Catch Up Contribution	\$1,000 for age 55+, in addition to the Employee or Family contribution. Include in your Max Limit if applicable.		

¹Subject to the 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 an HSA account effective the month of Medicare entitlement (the effective date of Medicare Parts A and/or B).

Contribution Options

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

- Pre-tax 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 55+

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 your annual contributions to your HSA from your paycheck. You can directly contribute to your HSA designated for 2023 until April 15, 2024. Contact Optum Financial to find out how.

Contribution Limit

The amount you can contribute to an HSA is based on several factors. These include the coverage type, how long you are enrolled in the HDHP, your age, and your 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 1 – December 31</i>	IRS Maximum	\$3,850.00
	State Contribution	- 719.94
	Employee Max Contribution	\$3,130.06
	26 payroll deductions of approximately \$120.38 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 9-December 31. The contribution maximum is prorated based on the length of coverage left on the plan.</i>	IRS Maximum ($\$3,850 \div 12 \times 10$ months of coverage)	\$3,208.33
	State Contribution ($\$27.69 \times 21$ pay periods)	- 581.49
	Employee Max Contribution	\$2,626.84
	21 payroll deductions of approximately \$125.08 per pay period	

Example #3: <i>An employee older than 55 years old enrolled in <u>family</u> coverage from January 1-December 31.</i>	IRS Maximum	\$7,750.00
	Additional Age Contribution	+1,000.00
	State Contribution	-1,439.80
	Employee Max Contribution	\$7,310.20
26 payroll deductions of approximately \$281.15 per pay period		

Example #4: <i>An employee younger than 55 enrolled in the HDHP with <u>employee-only</u> coverage on January 1 has a Qualified Life Event to change to <u>employee + child</u> coverage effective April 6. The contribution maximum is calculated by prorating the IRS maximum for each coverage type.</i>	Employee Only January 1 – April 5	Employee + Child April 6 – December 31	
	IRS Maximum ($\$3,850 \div 26$ total pay periods = \$148.07) ($\148.07×8 pay periods) =	\$1,184.56	IRS Maximum ($\$7,750 \div 26$ total pay periods = \$298.07) ($\280.76×18 pay periods) =
State Contribution ($\$27.69 \times 8$ pay periods)	- 221.52	State Contribution ($\$55.38 \times 18$ pay periods)	- 996.84
Employee Max Contribution	\$963.09	Employee Max Contribution	\$4,368.54
8 payroll deductions of approximately \$120.38 per pay period		18 payroll deductions of approximately \$242.69 per pay period	

For more information about the HSA programs you may contact:

OPTUM BANK | 866-610-4839 or visit their website optumbank.com/arizona