FURTHER

HSA Contribution Limits

The federal government limits how much you can contribute to an HSA in one tax year, based on whether you have individual or family health insurance coverage. This page covers the current limits and exceptions.

HSA contribution limits

The table below displays the current HSA contribution limits. Current contribution information can be found on the U.S. Department of Treasury website at treas.gov.

Tax Year	Individual Coverage Limits	Family Coverage Limits
2020	$3,550	$7,100
2021	$3,600	$7,200

Once age 55, members can contribute an additional $1,000 towards their HSA (either individual and family coverage).

Family HSA contribution limit

Two spouses with a family HDHP have a maximum annual HSA contribution of $7,100 in 2020. This contribution limit applies whether each spouse has their own HSA or if only one member of the family has an HSA.

The amount each spouse can contribute is split equally by default, but the family can change how the contributions are split if they so choose.

A family cannot share a joint HSA. Each spouse who wants to contribute to an HSA must open a separate HSA. Money cannot be transferred between the HSAs. A spouse may use withdrawals from his or her HSA for the eligible medical expenses of the other spouse, without penalty. However, money cannot be withdrawn from two HSAs to pay for the same expense.

Spouses with individual HDHPs can contribute up to $3,550 in 2020. If the individual is age 55 or older, an additional $1,000 catch-up contribution can also be contributed. See Catch-up Contributions to learn more.

For other tax situations, consult your tax advisor.

Use the 13-month rule to make up for lost time

The annual HSA contribution limit for new HSAs is prorated for every month you weren't covered by an HDHP. But under the 13-month rule, you can still contribute the full amount to your HSA, even if you didn't have an HSA-eligible HDHP for the entire year.

You can contribute the full amount to your HSA if you meet the following conditions:

- Enroll in an HSA-eligible HDHP before December 1st of the given year.
- Maintain that HDHP coverage through December 31st of the following year, for a total of 13 months.

Catch-up contributions

When you reach age 55 and are eligible to have an HSA, you can contribute an additional $1,000 each year through age 65 or until you enroll in Medicare. This is called a catch-up contribution.

You can make the full $1000 catch-up contribution the year you turn 55, regardless of where your 55th birthday falls, if you were covered by a HDHP for the entire year.

You can also make the $1000 contribution for your 55th year even if you didn't have an HSA-eligible HDHP for the full year by following the 13-month rule.

Going over the limit

If you contribute more than the IRS contribution limit for the year, the excess contributions are subject to an excise tax of 6%. This means that you will owe 6% of the amount you went over. These excess contributions are taxed regardless of whether they came from you or your employer.

Example

Mark contributed to the maximum amount for last tax year, forgetting that his employer also contributes to his account quarterly. His employer's last quarterly contribution put Mark's yearly HSA contributions $100 higher than the IRS allows. Mark will owe the IRS 6% of those excess contributions--or $6.

Keep in mind

- Excess contributions can't be counted as tax deductions and should be added back to your gross income.
- Any income (such as interest) you earn from excess contributions counts as taxable income.
- If an upcoming employer contribution will go over the limit, you must make every reasonable effort to notify your employer before the contribution is made.
- The excise tax is cumulative and continues in future years if the excess contribution is not distributed.

What to do if you contribute more than the limit

If you did contribute too much to your HSA, you can avoid the IRS penalties by withdrawing the extra contributions and any income earned from them before the tax return deadline (including extensions). For calendar-year taxpayers, this is generally the following April 15th. Any extra earnings should be entered as “other income” on your tax return for the year.

It can be difficult to identify when you went over the limit and how much income you earned on the excess contributions, so call Further customer support at 800-859-2144, 7 a.m. to 8 p.m. Central Time, Monday through Friday and we can help.