

# HSA Eligibility and Contribution Worksheet

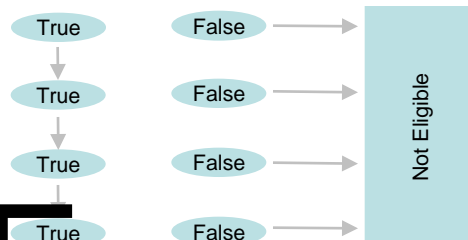
Your Logo Here

**Purpose:** Use this form to verify your eligibility for an HSA and determine the amount you may contribute. You are responsible for properly determining your eligibility and contribution amount. This worksheet is simply a tool to aid you in that effort. If you have any questions, please consult with your tax or legal counsel.

## 1 HSA Eligibility.

You must answer "True" to each of the following in order to be eligible for an HSA. See definitions on back for help.

- I am covered under an HDHP
- I am not covered by another non-HDHP health plan other than "permitted insurance"
- I am not eligible for Medicare (age 65) or if I am eligible, I am not enrolled in Part A, B or D
- I am not a dependent on another person's tax return



## 2 Contribution Amount.

**SAMPLE** Use the table below to determine your amount.

	Contribution Worksheet	Individual	Family
<b>A</b>	Federal Limit <sup>1</sup>	\$3,050 (2011) \$3,100 (2012)	\$6,150 (2011) \$6,250 (2011)
<b>B</b>	Catch Up <sup>2</sup> if Age 55 - 65 + \$1,000 (2011 or 2012)		
<b>C</b>	Total (add Federal Limit plus Catch-Up)		

**1Issues that Impact Contribution Amounts.** A number of issues potentially affect the amount of your HSA contribution.

**A. Less Than Full Year Eligibility – Eligible on December 1.** If you become eligible for an HSA sometime during the year, rather than on January 1, you can still contribute and deduct the full amount of the federal Limit above if you remained eligible on December 1 of that year (this rule applies even if your first day of eligibility was December 1). However, if you fail to maintain your eligibility for a *testing period* then the amount you contributed under this rule is subject to taxation and a 10% penalty (except in the case of disability or death). The *testing period* is the period beginning in the last month of the taxable year (generally December 1) and ending on the last day of the 12<sup>th</sup> month following such month (generally December 31 of the next year). Please see our HSA Testing Period Worksheet for details.

**B. Less Than Full Year Eligibility - Not Eligible on December 1.** If you are not eligible for the HSA in all months of the year and are not eligible on December 1, a different rule applies. You must apply the *Sum of the Months* rule to determine the maximum amount of your HSA contribution. The Sum of the Months calculation requires you to determine your eligibility month-by-month and only contribute a pro-rata amount of the maximum federal HSA limit. Please use the chart on page 2.

**C. Multiple HSAs.** The total contribution amount may be split among multiple HSAs. For family coverage, the amount may be split between eligible spouses' HSAs.

**D. IRA to HSA Transfers.** You are allowed a one time transfer of funds from your Individual Retirement Account (IRA) into your HSA. This is limited to the amount you are eligible to contribute for the year and counts against that contribution (i.e. you cannot put in more than the Federal Limit counting any IRA transfer). You cannot deduct the amount transferred from an IRA to an HSA; however, the amount taken from the IRA is not taxable as a distribution from the IRA. Please see our IRA to HSA Transfer Worksheet for details.

**E. Employer Contributions.** Caution: Employer contributions made to your HSA on a pre-tax basis count towards your total contribution amount but may not be deductible from your personal income.

**2Catch-Up Contributions.** For individuals (and their spouses covered under the HDHP) between ages 55 and 65, the HSA contribution limit is increased by \$1,000 for 2012. If both you and your spouse are between age 55-65, you each get a catch-up. You cannot contribute more than \$7,250 (\$6,250+\$1,000) into one HSA for 2012. Catch-up contributions should be made into each spouses' respective HSA.

Catch-Up Amount	Tax Year	2009	2010	2011	2012
	Amount		\$1,000	\$1,000	\$1,000

## 3 Need More Help?

You are encouraged to talk to a tax professional, your insurance representative or another professional to help determine your eligibility and contribution amount. IRS Notice 2008-59 and IRS Notice 2004-50 both provide examples and more detail on eligibility (caution some points in the 2004 IRS Notice are outdated).

# HSA Eligibility and Contribution Worksheet - Definitions and Instructions

1. **HDHP Defined.** The quickest and easiest method to determine if you are covered by a HDHP is to ask your insurance provider. Generally, an HDHP is a health plan that satisfies certain requirements with respect to deductibles and out-of-pocket expenses.
- a) **Self-only coverage.** Specifically, for self-only coverage, an HDHP has an annual deductible of at least \$1,200 (2012) and annual out-of-pocket expenses required to be paid (deductibles, co-payments and other amounts, but not premiums) not exceeding \$6,050 (2012 limit).
  - b) **Family coverage.** For family coverage, an HDHP has an annual deductible of at least \$2,400 (2012) and annual out-of-pocket expenses required to be paid not exceeding \$12,100 (2012 limit). In the case of family coverage, a plan is an HDHP only if, under the terms of the plan and without regard to which family member or members incur expenses, no amounts are payable from the HDHP until the family has incurred annual covered medical expenses in excess of the minimum annual deductible. Amounts are indexed for inflation.
  - c) **Preventative care.** A plan does not fail to qualify as an HDHP merely because it does not have a deductible (or has a small deductible) for preventative care (e.g., first dollar coverage for preventative care).
  - d) **Permitted insurance defined.** If you are covered under a HDHP, you are not allowed to also be covered under another health plan, other than certain "Permitted" types of insurance. Permitted insurance is insurance under which substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (e.g., automobile insurance), insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization. In addition to permitted insurance, an individual does not fail to be eligible for an HSA merely because, in addition to an HDHP, the individual has coverage (whether provided through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care. If a plan that is intended to be an HDHP is one in which substantially all of the coverage of the plan is through permitted insurance or other coverage as described in this answer, it is not an HDHP. You are covered by another health plan if you are covered under a health Flexible Spending Account (FSA) or Health Reimbursement Account (HRA) unless it's a *Limited Purpose FSA or HRA*. You are also considered covered under another health plan if your spouse is covered under a FSA or HRA.
2. **Sum of The Months Calculation.** Use this chart if you were not eligible for an HSA for the entire year and were not eligible on December 1 of the year.

**Example.** Jim is covered by a self-only HDHP and eligible for an HSA in 2012 but turns 65 on July 2, 2012, and enrolls in Medicare. Jim is no longer eligible for an HSA as of July 1, 2012. For 2012, Jim was eligible for 6 months of the year. The federal HSA limit for Jim is \$4,100 (\$3,100 single limit plus a \$1,000 catch-up). Accordingly, Jim's calculation is  $6/12 \times \$4,100 = \$2,050$ . Jim's maximum contribution for 2012 is \$2,050. The chart below assists in the calculation.

Sum of the Months Contribution Worksheet		Individual	Family
<b>A</b>	<b>Federal Limit</b> (Choose individual or family column based on whether you have self-only or family HDHP coverage.)	\$3,050 (2011) \$3,100 (2012)	\$6,150 (2011) \$6,250 (2012)
<b>B</b>	<b>Catch-Up Contribution</b> – Add \$1,000 if over 55 <sup>1</sup>		
<b>C</b>	<b>Add A +B = Total Federal Limit</b>		
<b>D</b>	<b>Divide C by 12 = Monthly Contribution Eligibility</b>		
<b>E</b>	<b>Insert # of Months</b> you were eligible for an HSA in the Year <sup>2</sup>		
<b>F</b>	<b>Multiply D x E = Total Eligible Amount Based on Sum of the Months</b>		

<sup>1</sup> If both you and your spouse are between 55-65 and HSA eligible (e.g. not enrolled in Medicare), you each get a catch-up contribution. You cannot contribute two catch-up contributions into the same HSA, you must make them into each spouse's respective HSA.

<sup>2</sup> HSA contribution amounts are determined on a monthly basis and then aggregated. To determine how much you may contribute, you must determine the number of months you were covered by a HDHP and otherwise eligible. Count months that you were eligible as of the first day of that month and every day of the month.

**Need More Help?** You are encouraged to talk to a tax professional, your insurance representative or another professional to help determine your eligibility and contribution amount. [IRS Notice 2005-50](#) and [IRS Notice 2004-2](#) both provide examples and more detail on eligibility; however, some of the contribution questions are outdated. See our web site for more FAQs.