

Health Savings Accounts

In [Revenue Procedure 2018-27](#) the IRS provided the inflation-adjusted HSA contribution limits effective for calendar year 2018, along with minimum deductible and maximum out-of-pocket expenses for the high-deductible health plans (HDHPs) that HSAs must be coupled with.

These rate changes reflect cost-of-living adjustments, if any, and rounding rules under Internal Revenue Code Section 223.

Employee Contribution Limit

2020: \$2,800
2021: \$2,800

2021 and 2020 Limit Comparison

Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans			
	2021	2020	Change
HSA contribution limit (employer + employee)	Self-only: \$3,600 Family: \$7,200	Self-only: \$3,550 Family: \$7,100	Self-only: +\$50 Family: +\$100
HSA catch-up contributions (age 55 or older)	\$1,000	\$1,000	No change
HDHP minimum deductibles	Self-only: \$1,400 Family: \$2,800	Self-only: \$1,400 Family: \$2,800	No change No change
HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums)	Self-only: \$7,000 Family: \$14,000	Self-only: \$6,900 Family: \$13,800	Self-only: +\$100 Family: +\$200
Source: IRS, Revenue Procedure 2020-32.			

An employer's contribution (including an employee's contributions through a cafeteria plan) to an employee's HSA is not subject to federal income tax withholding or social security, Medicare, (or FUTA tax) if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to federal income tax withholding, social security and Medicare taxes and FUTA tax, and must be reported in boxes 1, 3, and 5

You must report all employer contributions (including an employee's contributions through a cafeteria plan) to an HSA in box 12 of Form W-2 with code W.

Employer contributions to an HSA that are not excludable from the income of the employee also must be reported in boxes 1, 3, and 5.

An employee's contributions to an HSA (unless made through a cafeteria plan) are includible in income as wages and are subject to federal income tax withholding and social security and Medicare taxes. Employee contributions are deductible, within limits, on the employee's Form 1040.

Currently there are **5districts** with HSAs setup through the benefits administration module. If the district has an eligible HSA plan that needs to be reported in box 12 code W, please submit a Service Now Ticket and inform Payroll Services no later than **December 1st 2021** to ensure proper reporting on the Form W2.

Deductions set up through Ben Admin currently:

- 11HSA
- 32HSA
- 41HSA
- 49HSA
- 64HSA

Helpful Links:

[IRS Publication 969 \(2020\)](#) *(as of this document creation, the 2021 version has not been published)*
[Notice 2004-2](#)
[Notice 2004-50](#)

[Revenue Procedure 2017-37](#)
[Revenue Procedure 2017-58](#)
[Revenue Procedure 2018-27](#)
[Revenue Procedure 2018-30](#)