

## What happens if I become eligible to contribute to an HSA mid-year (not January 1st)? What is my maximum contribution?

You may make full year's contribution into the HSA, even if you are eligible for only part of the year. If you make a contribution for the full year when you only had partial year HSA-eligibility, you must remain HSA-eligible through the last month of the following calendar year to avoid tax and penalty.

To be HSA-eligible, you must be covered by a HSA-qualified high deductible health plan and not be covered by any non-qualified health plans. Failure to maintain HSA eligibility (for reasons other than death or disability) for the required amount of time will result in income tax and a 10% additional tax on the contribution amounts attributable to the months before you had HDHP coverage and were HSA eligible.

If you think you may not remain HSA-eligible for the required amount of time, you may choose to make a partial year contribution (maximum contribution divided by 12 months multiplied the number of months eligible) to avoid taxes and penalty.