

Healthcare Savings Accounts 2018 – An Update

-By Billy Bruns, CFP®

The IRS recently announced a change to the 2018 HSA contribution limits effective January 1st, 2018. Even though the IRS previously announced that the family contribution maximum for 2018 would be \$6,900, it has now been lowered to \$6,850 this year. The individual limit is staying at \$3,450. The family limit was lowered because of the way the IRS now calculates cost of living increases under the new Tax Cuts & Jobs Act. HSA administrators are still figuring out the best course of action to implement this change.

This isn't a big issue for people that haven't maxed out yet but could be a problem for those that have. The IRS requires excess 2018 contributions and attributable earnings be removed by April 15th, 2019 or imposes a 6% penalty per year on the excess amount. On a \$50 over contribution this only amounts to \$3. To get this resolved you can work with your HSA administrator in removing the excess funds before the deadline. HSA administrators should provide further instructions within the coming weeks. For those that have not yet maxed out their 2018 contribution, please be sure to adjust your recurring contributions to ensure you do not exceed the new maximum amount for 2018.



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