



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Patty Murray
United States Senate
2968 Jackson Federal Building
915 2nd Avenue
Seattle, WA 98174-1003

Attention:

Dear Senator Murray:

I am responding to your inquiry dated January 21, 2016, on behalf of your constituent, asked about the maximum permissible health saving account (HSA) contribution for the year in which an individual reaches age 65.

Section 223(b)(2) of the Internal Revenue Code provides that an individual may contribute 1/12 of the maximum permissible annual contribution amount for each month that the individual is an eligible individual (an eligible individual is someone with coverage by a high deductible health plan (HDHP) and no disqualifying coverage or enrollment in Medicare). The maximum permissible annual contribution amounts are indexed annually for inflation, and we published the amounts for 2016 in Revenue Procedure 2015-30, 2015-20 IRB 970, which is available on our website (www.irs.gov). For 2016, the maximum permissible annual contribution amount is \$6,750 for someone enrolled in a family HDHP coverage and \$3,350 for someone enrolled in self-only HDHP coverage. In addition, a catch-up contribution is permitted for individuals age 55 or over, so that the maximum permissible annual contribution amount increases \$1,000 for each year that an individual is age 55 or older.

The amount of the maximum permissible HSA contribution in the year an individual attains age 65 is prorated based on the number of months the individual is an eligible individual and whether the individual has self-only or other than self-only coverage. In

particular, the maximum permissible contribution is based on the number of months the person is not enrolled in Medicare.

If [redacted] has coverage by a HDHP and no disqualifying coverage during 2016, for the 9 months that she has HDHP coverage before enrollment in Medicare, she would be allowed an HSA contribution of either \$5,062.50 if enrolled in family coverage ($\$6,750 \times 9/12$) or \$2,512.50 if enrolled in self-only coverage ($\$3,050 \times 9/12$). In addition, [redacted] would be allowed a catch-up contribution of \$750 ($\$1,000 \times 9/12$) into her HSA because she is age 55 or over.

I hope this information is helpful. If you have any questions, please call
at [redacted] or [redacted] at [redacted].

Sincerely,

Victoria A. Judson
Associate Chief Counsel
(Tax Exempt and Government Entities)