



2021 HSA Contributions - Have You Reached Your Limit?

Linda, age 58, has had an HSA at Sterling for 5 years and has stayed on her employer's High Deductible Health Plan during this period. Linda makes pre-tax contributions to her account through her company's payroll, and she was able to contribute the allowed maximum amount for each of the past 4 years.

At the end of 2021, however, the total contributions to her HSA was below the annual limit that applied to her. The IRS specifies the maximum amount that can be contributed to a Health Savings Account each year. Linda wants to build up her account and contribute up to her limit for 2021 so that she can use the funds in her HSA to pay for medical expenses when she retires in 7 years. What can Linda do?

An IRS rule allows HSA Accountholders to contribute to their account until the tax filing deadline for the year in which the HSA contribution is made. In Linda's case, she can continue to make contributions to her HSA for 2021 until the 2022 tax filing deadline* .

Each time she makes a contribution to her HSA until the deadline date, Linda simply has to let Sterling know whether the contribution is to be credited to 2021 or 2022. She can do this online quickly and easily. The ability to make online contributions for 2021 is available until tax day 2022. Linda will need to make sure that she is using the prior year option while funding in 2022 for 2021.

We have another suggestion for Linda. Encourage her family and friends to:

Give her the Gift of Health: Any individual can contribute to an account holder's HSA. Linda may consider adding HSA contributions to her "Gift Wish List" to encourage family members and friends to help her meet her contribution goals for 2021 and beyond. Sterling's HSA department can help them give this wonderful gift to Linda to celebrate her birthday, honor her on Mother's Day, or for any other gift-giving occasion.

For assistance, please contact the HSA team at HSA@sterlingadministration.com or dial 800-617-729 OPTION 4.

*The IRS issued a News Release on January 10, 2022 which states as follows:

The filing deadline to submit 2021 tax returns or an extension to file and pay tax owed is Monday, April 18, 2022, for most taxpayers. By law, Washington, D.C., holidays impact tax deadlines for everyone in the same way federal holidays do. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia for everyone except taxpayers who live in Maine or Massachusetts. Taxpayers in Maine or Massachusetts have until April 19, 2022, to file their returns due to the Patriots' Day holiday in those states.