

Funding Your HSA

Changing your contributions mid-year

One of the biggest advantages of an HSA is the ability to make and receive tax-advantaged contributions. Once your health plan coverage begins and your HSA is opened, you can start adding money tax-free¹ to your account, through payroll deductions or through additional deposits whenever you want. There are many reasons your eligibility to make contributions to your Choice Fund[®] Health Savings Account (HSA) can change at certain points during the year. Maybe:

- You added or dropped HSA-qualified health plan coverage because you started a new job or enrolled in Medicare.
- You work for an employer who renews benefits mid-year.

As a result, you may need to prorate your HSA contributions. What is a qualified HDHP?

In 2026, a qualified HDHP is a health plan with deductible amounts that are greater than \$1,700 for individual or \$3,400 for family coverage, and has an out-of-pocket maximum that does not exceed \$8,500 for individual or \$17,000 for family coverage.

Prorating contributions

HSA contribution limits are determined on a calendar/tax-year basis.² IRS rules state that contributions must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility³ is based on your coverage status on the first day of the month.

To calculate your personal contribution limit:⁴

1. Take the total annual contribution limit based on individual or family coverage type.
2. Divide that amount by 12.
3. Multiply it by the number of months that you qualify that year.



Example:

You were eligible to contribute to your HSA for four months this year. Your personal contribution limit would be:

$$\mathbf{\$4,400 \div 12 \times 4 = \$1,466}$$

(Based on 2026 individual contribution limits)

Using the last month rule

If you are eligible to contribute to an HSA on the first day of the last month of your tax year (that's December 1 for most taxpayers), you are considered eligible for the entire year, provided you stay enrolled in an HSA-qualified health plan through December 31st of the following year.⁵

Switching medical coverage mid-year

You may also be able to apply the last month rule if you change coverage mid-year.

Example:

You changed medical coverage from individual to family on July 1.

You can contribute the full-family maximum amount that year, as long as you maintain family coverage from December 1st through December 31st of the following year.

Example:

You changed medical coverage from family coverage to individual coverage on July 1.

You can contribute more than the individual maximum contribution but less than the family maximum contribution.

To calculate your contribution limit you would:

1. Take the total annual individual contribution limit, divided by 12, then multiplied by the number of months you'll have individual coverage.
2. Add that amount to the number of months you'll have family coverage, divided by 12, then multiplied by the total annual family contribution limit.

$$(\$4,400 \div 12 \times 6) + (\$8,750 \div 12 \times 6) = \$6,575$$

(Based on 2026 individual and family contribution limits)

Catch-up contributions for age 55 and up*

Catch-up contributions are also subject to the proration and last-month rules. In general, and unless the last-month rule applies, an individual must be eligible for 12 months to contribute the total annual catch-up contribution (\$1,000).

To calculate the catch-up contribution limit:

1. Take the total available catch-up contribution amount (\$1,000).
2. Divide that amount by 12.
3. Multiply it by the number of months that you qualify that year.

Example:

You enrolled in Medicare on July 1 and are no longer eligible to contribute to your HSA.

Here's how you would calculate your catch-up contribution:

$$\$1,000 \div 12 \times 6 = \$500$$

*Catch-up contributions are available if you are age 55 or older at the end of your tax year.

Contributed too much?

If you've contributed too much to your HSA, you'll have until the tax deadline (generally April 15) of the following year to request what is called "an excess contribution distribution."

 We're here to help.

It's important to understand your HSA mid-year changes. Cigna Healthcare® is available to help you 24/7/365 when you call the number on the back of your ID card.



1. HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. See your professional tax advisor for information about your state.
2. All tax references are at the federal level. State taxes vary. Please contact a tax advisor for more information. This document assumes that the tax year is the calendar year. The rules described in this document may be applied differently if the tax year is not the calendar year (e.g., if it is the fiscal year).
3. Contact your health plan or HR benefits representative if you have questions on whether your health coverage is HSA-qualified. Other HSA eligibility criteria apply, including that you cannot be enrolled in Medicare, cannot be covered by a health plan that is not an HSA-qualified plan (with limited exceptions), cannot have received non-preventive Veterans Affairs medical benefits in the past three months, and cannot be eligible to be claimed as a dependent on someone else's tax return.
4. Your personal contribution limit may be lower than Internal Revenue Code maximums. Individuals are responsible for calculating and monitoring their contribution.
5. If you fail to satisfy the last month rule, income and penalty taxes may apply.

All information provided here is intended as a convenient source of tax information. This information is general in nature, is not complete, and may not apply to your specific situation. Cigna Healthcare assumes no responsibility and shall have no liability under any circumstances arising out of the use or misuse of any information in this publication. You are encouraged to consult a professional tax or financial advisor concerning your own situation and any specific questions you may have.

The HSA provider and/or trustee/custodian is solely responsible for its HSA services, transactions and activities related thereto. Cigna Healthcare and your employer are not responsible for the HSA services, administration or operation.

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