[Date]  
[Name]  
[Address]  
[City State ZIP]

**Re:** Potential Over-Contribution to Your Health Savings Account

Dear [Employee Name],

You have been making contributions to a Health Savings Account (HSA) and/or receiving employer contributions to your HSA this calendar year. It has come to my attention that [check all that apply]:

* + You are leaving employment before the end of the calendar year.
  + You are changing health plans before the end of the calendar year due to open enrollment and the plan you selected is not compatible with an HSA.
  + You are changing health plans before the end of the calendar year due to a qualifying event and the plan you selected is not compatible with an HSA.
  + You have indicated you are no longer eligible to contribute to an HSA.
  + Other (please indicate): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The IRS sets a maximum amount that eligible individuals (and/or their employer on their behalf) can contribute to an HSA each calendar year. Eligibility to contribute is a monthly determination. If you are not eligible for all 12 months of a calendar year, as the above information indicates may be the case, and if you and/or your employer have contributed more to your HSA than you are allowed under IRS rules, you may need to pro-rate your HSA contributions for this calendar year based on the number of months during which you were HSA-eligible on the first day of the month. If this is the case in your individual circumstance, you generally have until next April 15th to withdraw any excess contribution to avoid an excise tax on the excess contribution. (Note: If the excess contribution is not withdrawn by the deadline, the excise tax will continue to apply in future years as well.)

The withdrawal will be subject to regular income taxes. Please work with [enter name of vendor administering HSA] and your tax advisor to review your individual situation and determine if you must take any action to avoid IRS excise taxes.

Please note, you may remain eligible to contribute to an HSA if you leave employment but continue in an HSA compatible plan through COBRA, Vermont Health Connect, a spouse or other employer.

The IRS Rules related to Health Savings Accounts can be found here: <https://www.irs.gov/publications/p969#en_US_2017_publink1000204046>. Remember, since the Health Savings Account is owned by you, it is your responsibility to comply with the IRS rules for HSAs.

Sincerely,

[Name]

[Human Resources/Benefit Manager]