HSA contribution reconciliation

1. Establish the person, tax year and eligible months

THEFINSENSE | ILLUSTRATIVE COMPLETED EXAMPLE | MANUAL RECORD

Person and source record

Tax year / person / accounts	2026 / Illustrative person, age 40 / One HSA
IRS sources / preparation date	Rev. Proc. 2025-19; Publication 969; Form 8889 instructions / October 23, 2026

Assumptions: eligible on the first day of all 12 months, with self-only coverage, no disqualifying other coverage, no Medicare or dependency issue, no spouse adjustment and no special funding. These are illustrative assumptions, including future months; no real eligibility records were inspected.

Monthly coverage and eligibility evidence

Month	Coverage	Eligible?	Evidence / unresolved reason
January	Self-only	Yes	Assumed; illustration only
February	Self-only	Yes	Assumed; illustration only
March	Self-only	Yes	Assumed; illustration only
April	Self-only	Yes	Assumed; illustration only
May	Self-only	Yes	Assumed; illustration only
June	Self-only	Yes	Assumed; illustration only
July	Self-only	Yes	Assumed; illustration only
August	Self-only	Yes	Assumed; illustration only
September	Self-only	Yes	Assumed; illustration only
October	Self-only	Yes	Assumed; illustration only
November	Self-only	Yes	Assumed; illustration only
December	Self-only	Yes	Assumed; illustration only

Ordinary personal limit before deposits

Monthly eligible base	12 x $4,400 / 12 = $4,400
Own catch-up / spouse allocation	$0 (age 40) / Not applicable
Ordinary personal limit	$4,400

Unknown real inputs must be resolved before calculating a deposit. Changing coverage or spouse eligibility, IRA funding and Archer MSA adjustments require the relevant IRS worksheets.

HSA contribution reconciliation

2. Reconcile contributions across accounts

THEFINSENSE | ILLUSTRATIVE COMPLETED EXAMPLE | MANUAL RECORD

Count each tax-year contribution once

Employer-funded component	$1,100
Separate cafeteria-plan payroll component	$1,400
Overlap check	Two distinct components. A combined $2,500 report replaces these components; do not add it again.
Direct / other contributions	$0 / $0
Tax-year designation / record check	2026. Distinct deposits are assumed; no actual payroll or custodian records were inspected.
Total counted contributions	$1,100 + $1,400 = $2,500

Ordinary remaining contribution room

Personal eligible limit	$4,400
Less counted contributions	$2,500
Signed remaining room	+$1,900
Additional room / overage	$1,900 / $0

$4,400 - $2,500 = $1,900

The $1,900 is unused capacity, not a deposit already made or a tax saving. The example assumes no other deposits, catch-up, spouse adjustment or special funding.

HSA trustee transfers and qualifying HSA rollovers do not consume annual contribution room; rollover timing and frequency rules still apply. IRA-to-HSA funding is different and reduces room. Resolve IRA/MSA treatment and payroll overlap before using a result.

HSA contribution reconciliation

3. Record household and last-month branches

Spouse allocation

Shared family base / agreed division	Not applicable; self-only individual
Person A base / own catch-up / deposits	$4,400 / $0 / $2,500
Person B	Not applicable to this example

When a family base is shared, reflect any permitted agreed allocation in each spouse's calculation. Keep catch-ups personal and in each owner's HSA. Mixed eligibility or coverage months require Form 8889 allocation rules.

Last-month comparison

December 1 eligibility / coverage	Eligible / self-only (assumed)
Ordinary limit / December-based amount	$4,400 / $4,400
Remaining room under either path	$1,900
Extra conditional capacity	$0
Actual contributions relying on the rule	$0

Keep the greater applicable limit; December is not always larger. In this example the ordinary method already supports the full base, so there is no extra capacity from the last-month rule.

When contributions do rely on the rule, the testing period runs from December 1 of the contribution year through December 31 of the following year. Eligibility failure generally triggers income inclusion and 10% additional tax on actual attributable contributions, except death or disability. Unused capacity is not taxable money.

Before changing contributions

Payroll / custodian reconciliation	Illustrative inputs only; reconcile actual records for the selected tax year.
Ordinary deadline	Not verified here. Check the actual IRS deadline and any relief.
Excess correction	Not applicable; illustrative overage is $0.

Ordinary contribution deadlines generally exclude filing extensions; excess-correction deadlines generally include them. Keep correction and associated earnings records if applicable.

Sources: irs.gov/pub/irs-drop/rp-25-19.pdf; irs.gov/publications/p969; irs.gov/instructions/i8889. Manual record only; no automatic calculations or individual tax determination.