



BENEFITS FOR THE ROAD AHEAD



Eligibility and Contribution Rules for Health Savings Accounts

Magna is introducing the **Advantage High Deductible Health Plan (HDHP)** with a **Health Savings Account (HSA)** for 2026 Open Enrollment. The combination of the High Deductible Health Plan and the Health Savings Account gives you greater flexibility and choice over how you use your health care dollars.

A Health Savings Account (HSA) is a special, tax-advantaged account—money goes into the account tax free, earns interest tax free and is not taxed when it is withdrawn to pay for qualified healthcare expenses. HSAs are designed to help pay for current healthcare expenses and to save for future healthcare and retiree expenses.

This newsletter will focus on the eligibility and contribution rules of the Health Savings Account feature of the Advantage High Deductible Health Plan .



Qualifying for a Health Savings Account . . . **Easy as 1, 2, 3**

The Internal Revenue Service sets the eligibility and contribution rules for Health Savings Accounts. To open a Health Savings Account and make contributions to it:

1. **You must be enrolled in the Advantage High Deductible Health Plan and not have other health coverage.**

Generally, you cannot have other health coverage that is not a qualified High Deductible Health Plan. That includes coverage under your spouse's medical plan, or a general purpose Health Flexible Spending Account (FSA).

2. **You cannot be covered by Medicare.**

You may not set up a Health Savings Account if you are covered by Medicare, Medicaid, or TRICARE.

If you open a Health Savings Account *before* you become covered by Medicare, once you become covered by Medicare, you can no longer contribute to the account.



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Qualifying for a Health Savings Account — continued

3. You cannot be claimed as a tax dependent on someone else's tax return.

If you can be claimed as a tax dependent of another individual you are not eligible to set up a Health Savings Account. The following are some examples of individuals that may be considered tax dependents:

- A taxpayer's child who is under age 19 at the end of the tax year
- A taxpayer's child, who is a student, and under age 24 at the end of the tax year
- A member of a taxpayer's household for whom the taxpayer provided over half of the support for the year and whose gross income does not exceed the personal exemption amount

A spouse is not considered a tax dependent even though a taxpayer may claim an exemption for the spouse. So, a spouse can set up a Health Savings Account if he or she is otherwise an eligible individual (see eligibility chart on page 5).

If you are an adult child being claimed as a dependent on your parent's income tax return, you cannot open an HSA.



A Few Rules About Contributing to a Health Savings Account

Maximum contributions allowed

While eligible, you or anyone on your behalf can make contributions to a Health Savings Account. The amount depends on your **Advantage HDHP** coverage election – Single or Two Person/Family.

Timing and eligibility for making contributions

Things change, so your eligibility to contribute to a Health Savings Account (HSA) is determined on a month to month basis. If you are covered under the **High Deductible Health Plan** on the first of the month and are HSA-eligible, you may contribute up to the maximum annual limit for that year as long as you are enrolled in the **High Deductible Health Plan** for the entire 2026 plan year (January 1—December 31).



Health Savings Account Eligibility and Contributions Summary

Here is a summary of eligibility rules to open a Health Savings Account and how much you can contribute. To summarize:

You are eligible to set up and contribute to a Health Savings Account if:

- You are enrolled in **Advantage High Deductible Health Plan** and don't have other medical coverage*
- You cannot be claimed as a tax dependent
- You are not enrolled in Medicare

** If the other coverage is a high deductible plan, that is ok.*

Limits and eligibility for contributing to a Health Savings Account:

- Maximum annual tax-free contributions for 2026 are:

\$4,400 for Employee Only coverage

\$8,750 for Two Person/Family coverage

The maximum contribution includes all contributions made to your Health Savings Account, including Magna's contribution of \$400 single/\$800 family.

- If you and your spouse each have high deductible health plan coverage, the \$8,750 annual maximum is a joint limit between the two of you.
- If you as the accountholder are age 55 or older, you can also make **"catch up"** contributions up to \$1,000 in 2026.
- If you have contributed more than the annual limit, the excess contributions are subject to a 6% penalty unless you withdraw the excess contributions by the tax-filing deadline (usually April 15) of the following year.
- Eligibility to contribute to a Health Savings Account is determined on the day that the HSA is opened.
- You can make contributions to a Health Savings Account anytime during the plan year and up until April 15 of the following year. Any contributions made outside of payroll deductions will be post-tax and are allowed as a deduction on your federal income tax return.

Common Questions about Contributing to a Health Savings Account

Q When can I contribute to my Health Savings Account?

A Any time during the year and as late as April 15 of the following year. This allows you to adjust your annual contribution amount up until you have to file your tax return.

At tax filing time, if you determine that you have contributed more than the annual limit, you can withdraw the excess contributions before you file your tax return to avoid a penalty. If this occurs, WEX will send you an email notification instructing you to complete an HSA Distribution Form. Likewise, if you haven't contributed the maximum contribution during the year, you can make up the difference in a lump sum contribution up until the following April 15.

You may also change your payroll deduction amount for your HSA contribution monthly, just like a 401(k) plan.

Q What happens if I contributed too much to my Health Savings Account?

A A 6% penalty will apply to any amount in your Health Savings Account that exceeds the annual contribution limit. The penalty can be avoided if the excess contributions are withdrawn before you file your income tax return (the following April 15th).



Health Savings Account & the Advantage High Deductible Health Plan



- The deductibles for the Advantage HDHP are \$1,700 for single coverage and \$3,400 for family (2 or more individuals).
- When you're planning your HSA contributions, don't forget that all services, except preventive care, are subject to the deductible!
 - This includes prescription medications, other than select preventive care medications.



For more information go to
magna.com/usbenefits

Who Can Open a Health Savings Account?

HDHP – means the Advantage High Deductible Health Plan offered by Magna or a qualified plan offered by your spouse's employer. Please note, you will only receive the Magna HSA contribution if you enroll in Magna's Advantage HDHP.

Non-HDHP – means medical coverage that is not a qualified High Deductible Health Plan

WHEN YOU HAVE				
WHEN YOUR SPOUSE HAS:	No coverage of any kind	Self-only non-HDHP coverage	Family non-HDHP coverage	Self-only HDHP coverage
No coverage of any kind	No Health Savings Account	No Health Savings Account	No Health Savings Account	Only you are eligible to open a Health Savings Account; max. \$8,750/yr.
Self-only non-HDHP coverage	No Health Savings Account	No Health Savings Account	No Health Savings Account	Only you are eligible to open a Health Savings Account; max. \$8,750/yr.
Family non-HDHP coverage	No Health Savings Account	No Health Savings Account	No Health Savings Account	Only you are eligible to open a Health Savings Account provided you are not covered by your spouse's family non-HDHP; max. \$8,750/yr.
Self-only HDHP coverage	Only your spouse is eligible to open a Health Savings Account; max. \$4,400/yr.	Only your spouse is eligible to open a Health Savings Account; max. \$4,400/yr.	Only your spouse is eligible to open a Health Savings Account provided your spouse is not covered by your family non-HDHP; max. \$4,400/yr.	Both you and your spouse are eligible to open a Health Savings Account; max. \$8,750/yr between the two of you (but spouse limited to \$4,400/yr).
Family HDHP coverage	Only your spouse is eligible to open a Health Savings Account; max. \$8,750/yr.	Only your spouse is eligible to open a Health Savings Account; max. \$8,750/yr.	Only your spouse is eligible to open a Health Savings Account provided your spouse is not covered by your family non-HDHP; max. \$8,750/yr.	Both you and your spouse are eligible to open a Health Savings Account; max. \$8,750/yr between the two of you.

2026 Annual maximums of \$4,400 for Self-Only coverage and \$8,750 for Family coverage includes **ALL** contributions made to a Health Savings Account – including employer and employee contributions.