HOW TO SET UP HSA PAYROLL CONTRIBUTIONS



This guide will help you to set up pre-tax payroll contributions (if eligible) for you and your employees to a Fidelity HSA®.

How to set up payroll contributions for small business employers

- ✓ Collect required information
  - Gather each employee's HSA account number. Employees can find their Fidelity HSA® account number on the Account Summary page at Fidelity.com®.
  - Confirm how much each employee wants to contribute and for what period (i.e., per pay period, semi-annually, one-time, etc.). If applicable, identify the employer contribution amount and for what frequency.
- ✓ Configure payroll system
  - Set up a payroll deduction type for HSA.
  - Create separate payroll deduction codes for employee and employer contributions. The specific codes depend on your payroll provider and system configuration (Note: Some systems may require a separate code for catch-up contributions for employees age 55+).
  - Verify the payroll deduction codes are linked to the correct taxability settings.
- ✓ Set up HSA contributions
  - Activate HSA payroll deduction codes for eligible employees. Use the prefix 39900001 followed by the employee's 9-digit HSA number, plus Fidelity's routing number: 101205681. The Fidelity account should be classified as a checking account for Automated Clearing House (ACH) purposes.
  - Confirm annual IRS contribution limits for each employee and configure payroll deduction limits accordingly (if available in payroll software) to prevent exceeding IRS limits. (Employee contributions and employer contributions are combined for IRS limit monitoring.)
- ✓ Validate and monitor
  - Confirm deductions run each payroll cycle and are accurate.
  - Schedule employer contributions and confirm that they run at desired frequency and are accurate.
  - Report pre-tax HSA contributions in Box 12 of Form W-2 (Code W).
  - Maintain records for IRS compliance and audits.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advise. Consult an attorney or tax professional regarding your specific situation.

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