



## Frequently Asked Questions (FAQ) on Health Savings Accounts (HSA)

### What is a health savings account (HSA)?

A health savings account (HSA) is a tax-exempt trust or custodial account that you set up with a qualified HSA trustee to pay or reimburse certain qualified medical expenses you incur. You must be an eligible individual to qualify for an HSA.

### How do I know if I am eligible and/or qualified for an HSA?

To be an eligible individual and qualify you must meet these requirements:

- You must be covered by an HSA-qualified high deductible health plan (HDHP) and not covered by any other health plan that is not a qualified HDHP.
- You may not be enrolled in Medicare.
- You may not be claimed as a dependent on someone else's tax return.
- You have no other health coverage that is not an HDHP. A few examples of permitted insurance coverage are dental care, vision care, accidents and disability. For a complete list of other permitted health coverage, please refer to IRS Publication 969. You can obtain a copy by calling 1-800-TAX-FORM or visiting [www.irs.gov](http://www.irs.gov).

### Who can make contributions to my HSA?

Contributions to your HSA can be made by you (the account owner), your employer or any other person. Contributions made by anyone other than the employer are tax-deductible to the HSA account owner.

### Are there contribution limits on my HSA?

Annual contribution limits are established by the IRS, and depend on the type of HDHP coverage you have, your age, the date you became an eligible individual and the date you cease to be an eligible individual. For 2017, if you have self-only HDHP coverage you can contribute up to \$3,400. If you have family HDHP coverage, you can contribute up to \$6,750. For 2016, if you had self-only HDHP coverage you can contribute up to \$3,350. If you had family HDHP coverage, you can contribute up to \$6,750.

### Can I make catch-up contributions?

Yes, if you are an eligible individual and age 55 or older your contribution limit is increased by \$1,000.

### Does the money my employer contributes to my HSA affect my contribution limit?

Yes, you must reduce the amount you or someone else contributes to your HSA by the amount your employer contributes. Example: You are under age 55, you have self-only coverage and your employer contributes \$1,000 to your HSA; you or someone else may only contribute \$2,400 to your HSA. If the self-only contribution limit is \$3,400 - \$1,000 employer contribution = \$2,400.

### What happens if I contribute more than the maximum annual limit?

You must withdraw the excess contribution(s) and any income earned on the excess contribution by the date of your tax filing deadline (usually April 15<sup>th</sup>). If you do not withdraw the excess contribution(s) and income earned by your tax filing deadline, you will be subject to a 6% excise tax on the excess contribution and the income earned on the contribution(s).

**How will I know how much money is in my HSA?**

You will receive a combined monthly statement showing both HSA subaccounts. You may also access your account balance by using Online Banking, TeleBanker, or Mobile Banking.

**I did not use all of the money in my HSA; do I lose it at the end of the year?**

No, with an HSA the money stays in your account and can be used for future qualified medical expenses.

**What is a qualified medical expense?**

Some expenses that may qualify are: Ambulance, Chiropractor, Crutches, Eye Glasses or Contacts, Hearing Aids, Long Term Care, Prescribed Medicines/Drugs, Insulin, and Therapy. For a complete list of qualified medical expenses, please refer to IRS Publication 502. You can obtain a copy by calling 1-800-TAX-FORM or visit [www.irs.gov](http://www.irs.gov).

**What happens to the account if I die?**

You may choose primary and contingent beneficiaries for your HSA. What happens to the HSA upon your death depends on whom you designate as the beneficiary.

**How do I pay for expenses or get money out of my HSA?**

You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified medical expenses you incur after you established the HSA. You can use your Mastercard® Health Savings Card at locations that accept Mastercard, you can write a check or you can make an in-person distribution/withdrawal at one of our convenient branches.

**What do I do when it's time to file my taxes?**

We suggest that you maintain accurate and thorough records during the year. Keep all of your receipts and your account statements. These records will be important if you are ever audited by the IRS. We will also provide you with a year-end statement showing all of your account activity for the year, along with the Fair Market Value of your account. We strongly suggest that you consult your legal or tax advisor for advice relating to your particular situation.

**Do I have to pay taxes on distributions/withdrawals from my HSA?**

Distributions used to pay for qualified medical expenses are tax-free and may be taken at any time. Any portion of the distribution/withdrawal that is not used for a qualifying medical expense is taxable and may be subject to an additional 20% penalty tax. This penalty does not apply to distributions made after your death, while you are disabled, or after you reach age 65.

**Can I rollover or transfer my HSA?**

Yes, rollovers or transfers from another HSA are allowed and not subject to contribution limits. Rollovers must be completed within 60 days after the date of receipt. You can make only one (1) rollover contribution to an HSA during a one (1) year period. If you instruct the trustee/custodian of your HSA to transfer funds directly to the trustee/custodian of another HSA, the transfer is not considered a rollover. There is no limit on the number of these non-reportable transfers.

**Where can I get more information about Health Savings Accounts?**

Information on Health Savings Accounts and other Tax-Favored Health Plans can be found in IRS Publication 969. You can visit [www.irs.gov](http://www.irs.gov), or call 1-800-TAX-FORM to order a copy.

This information is not intended as legal or tax advice, it is provided solely as an overview. Due to the complexity of tax laws, please consult your personal legal or tax advisor for advice specific to your situation or needs.