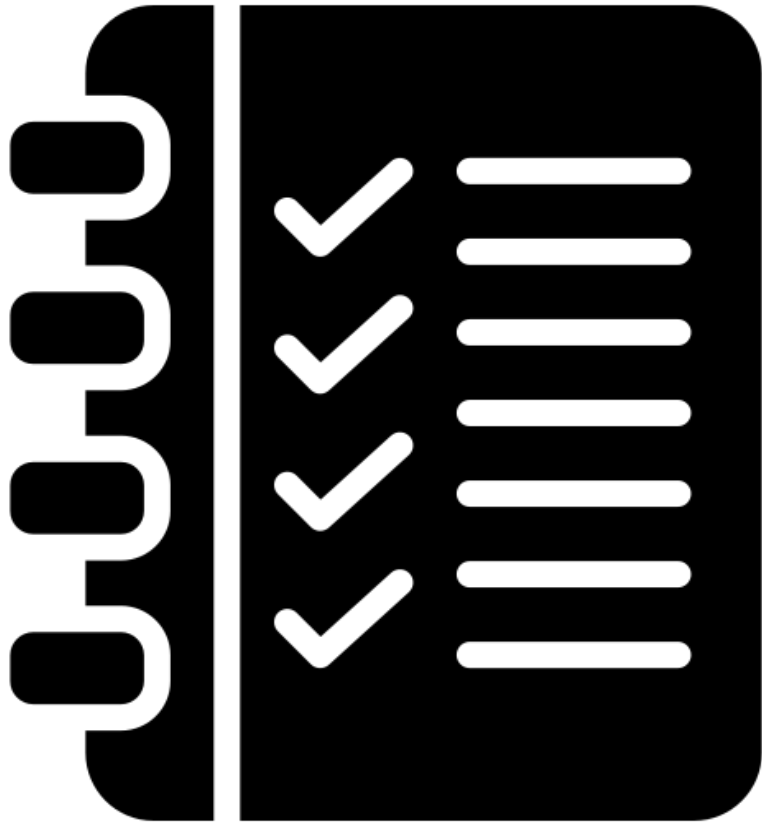


Introduction to HSAs

OVERVIEW OF HEALTH SAVINGS ACCOUNTS

What We'll Cover



- Introduction to HSAs
- Opening an HSA
- HSA Contributions
- HSA Distributions
- HSA Reporting

Overview of HSAs

What is a Health Savings Account?

- Tax-preferred, legal arrangement intended for paying qualified medical expenses
- Accounts are held at financial organizations
- Similar to IRAs in many ways

HSA Advantages



Triple Tax-Advantaged Account

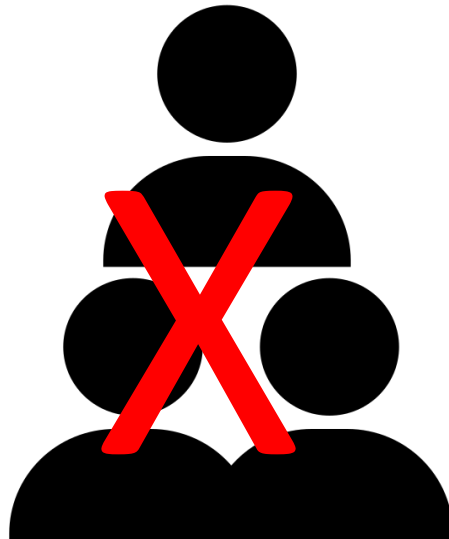
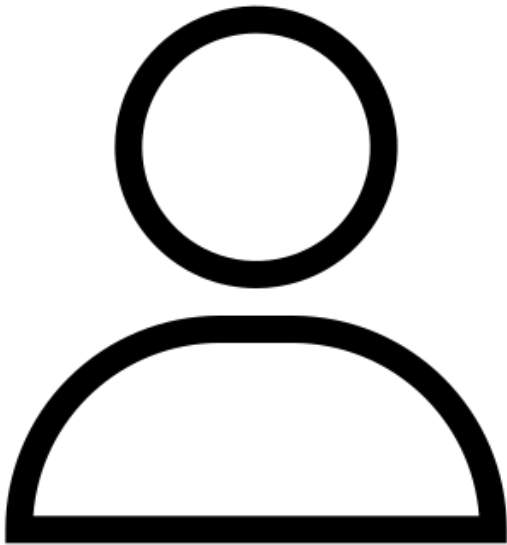
- Contributions are tax-deductible
- Earnings on the investments within the HSA grow tax-deferred
- Distributions for qualified medical expenses are tax-free

HSA Advantages

- No RMDs
- HSA assets are portable
- Flexibility on HSA contributions
- HSA assets can be “held over” for use as retirement assets
- No “use it or lose it” rule like cafeteria plans

Opening an HSA

HSA Ownership



- HSAs are individual accounts, there are no **joint or family accounts**
- Additional authorized signers may be permitted

Opening Documents

Plan Agreement



Written governing document

Disclosure Statement



Layman's explanation of provisions

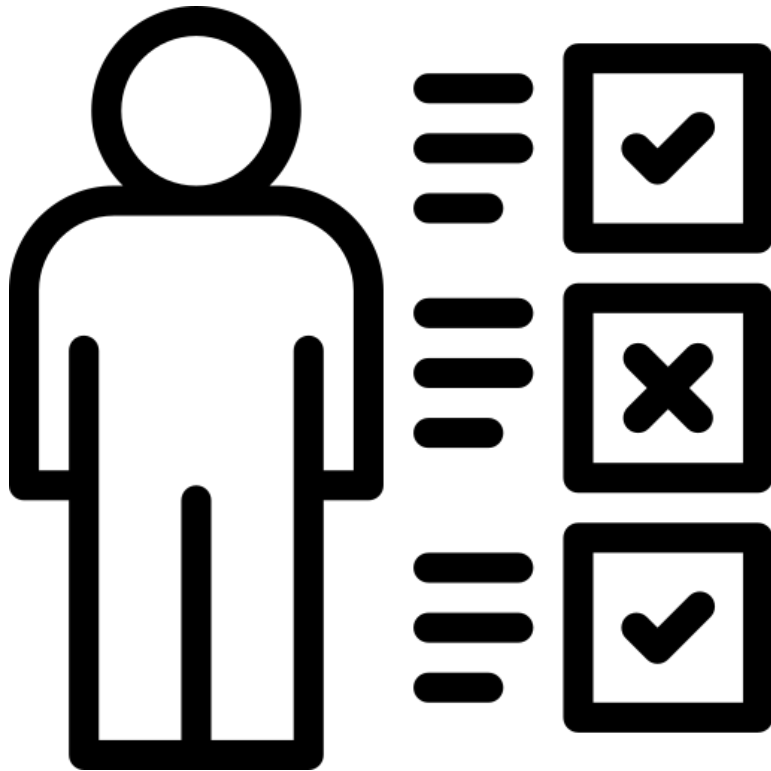
Certification of Eligibility*



*Not required, but may be recommended

HSA Eligibility

HSA Eligible Individual



- Covered under a high deductible health plan (HDHP)
- NOT covered by any health plan that is not an HDHP
- NOT enrolled in Medicare
- NOT eligible to be claimed as a dependent on anyone else's tax return

High Deductible Health Plan

Year	Coverage Type	Minimum Annual Deductible	Maximum Out-of-Pocket Expenses
2024	Self-Only	\$1,600	\$8,050
	Family	\$3,200	\$16,100
2025	Self-Only	\$1,650	\$8,300
	Family	\$3,300	\$16,600

Out-of-Pocket Expenses

Includes:

- Deductibles for HDHP
- Copays

Does NOT Include:

- Premiums
- Noncovered services
- Penalties for failing to obtain precertification
- Amounts in excess of usual, customary and reasonable (UCR) amounts

No Other Health Coverage Exception

Allowed additional coverage:

- Accident coverage
- Disability
- Dental coverage/care
- Vision care
- Long-term care
- Copays

Not considered permitted insurance:

- Prescription drug plans
(unless that coverage is also an HDHP)

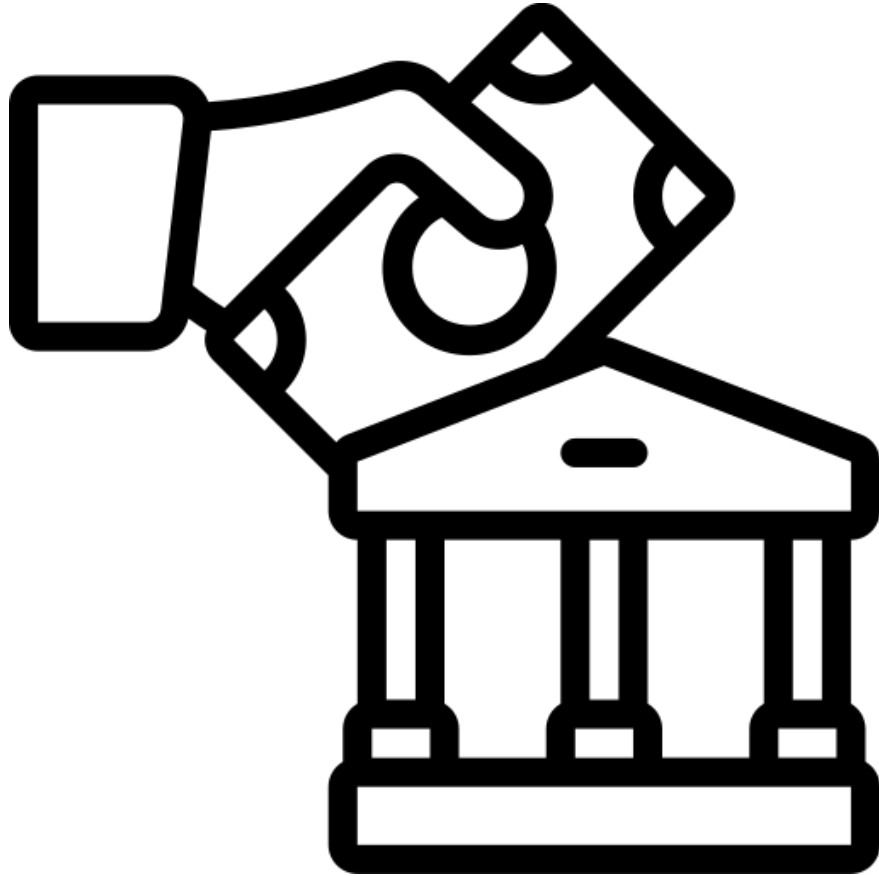
Preventative Care Exception

Plan will not fail to be an eligible HDHP if preventative care covered before deductible satisfied.

- Evaluations, tests and procedures in connection with routine exams
- Routine pre-natal and well-child care
- Immunizations (child and adult)
- Screening services
- Obesity weight-loss programs
- Tobacco cessation programs
- Testing & treatment of Covid-19 (on or before 12/31/2024)

HSA Contributions

Who Can Contribute to an HSA?



- An eligible individual
- An eligible individual's employer
- Any other person

Contribution Rules

- Deadline – tax filing due date, not including extensions (generally 4/15)
- Prior year contributions must be made in writing
- Contributions must be made in cash
- No age restrictions, however owner is no longer eligible beginning the month of Medicare enrollment
- If owner becomes ineligible during the year, must prorate contribution

Contribution Limits

Contribution Year	<u>Regular Contribution</u>		Catch-Up Contribution*
	Self-Only HDHP Coverage	Family HDHP Coverage	
2024	\$4,150	\$8,300	\$1,000
2025	\$4,300	\$8,550	\$1,000

*Age 55 for HSA catch-up contribution

HSA Distributions

Overview of Distributions

- Funds can be distributed at any time
- Generally, exempt from federal tax or penalties, provided the account owner has qualified medical expenses
- No withholding on HSA distributions
- No RMDs
- Non-qualified distributions –
 - taxable as ordinary income
 - subject to a 20% penalty (unless the owner has attained age 65, has died, or has become disabled)

Death of HSA Owner

Spouse Beneficiary

- HSA is treated as spouse's own HSA
- Distributions for qualified medical expenses are tax free

Non-spouse Beneficiary

- HSA ceases to be an HSA on date of death
- Fair market value of the HSA must be included as income for the beneficiary in year of death

Estate Beneficiary

- HSA ceases to be an HSA on date of death
- Fair market value of the HSA must be included in the original owner's income for year of death

Trust Beneficiary

- Death benefits generally paid directly to the trust
- Reported to the IRS under the trust's tax ID

Rollovers & Transfers

Rollovers and Transfers



- Can rollover/transfer Archer MSA or other HSA into an HSA
- No age or income restrictions on rollover or transfer eligibility
- They generally do not affect the contribution limits for the account owner
- Financial organizations may choose to refuse to accept rollovers and/or transfers

Rollovers and Transfers

Rollovers

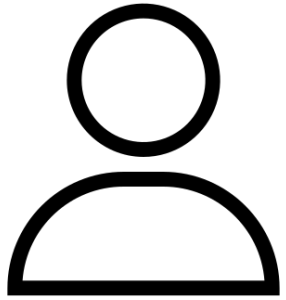
- Reported to the IRS on the 5498-SA
- Can be done in kind or in cash
- 60-day rule applies
- 1-per-year rule applies

Transfers

- Not reported to the IRS
- Can be done in kind or in cash
- 60-Day rule does not apply
- 1-per-year rule does not apply

HSA Reporting

HSA Reporting Stakeholders



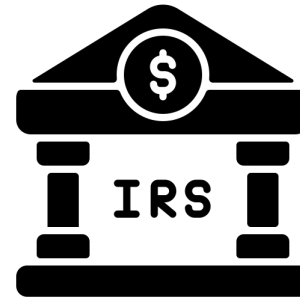
Account
Owner



Financial
Organization

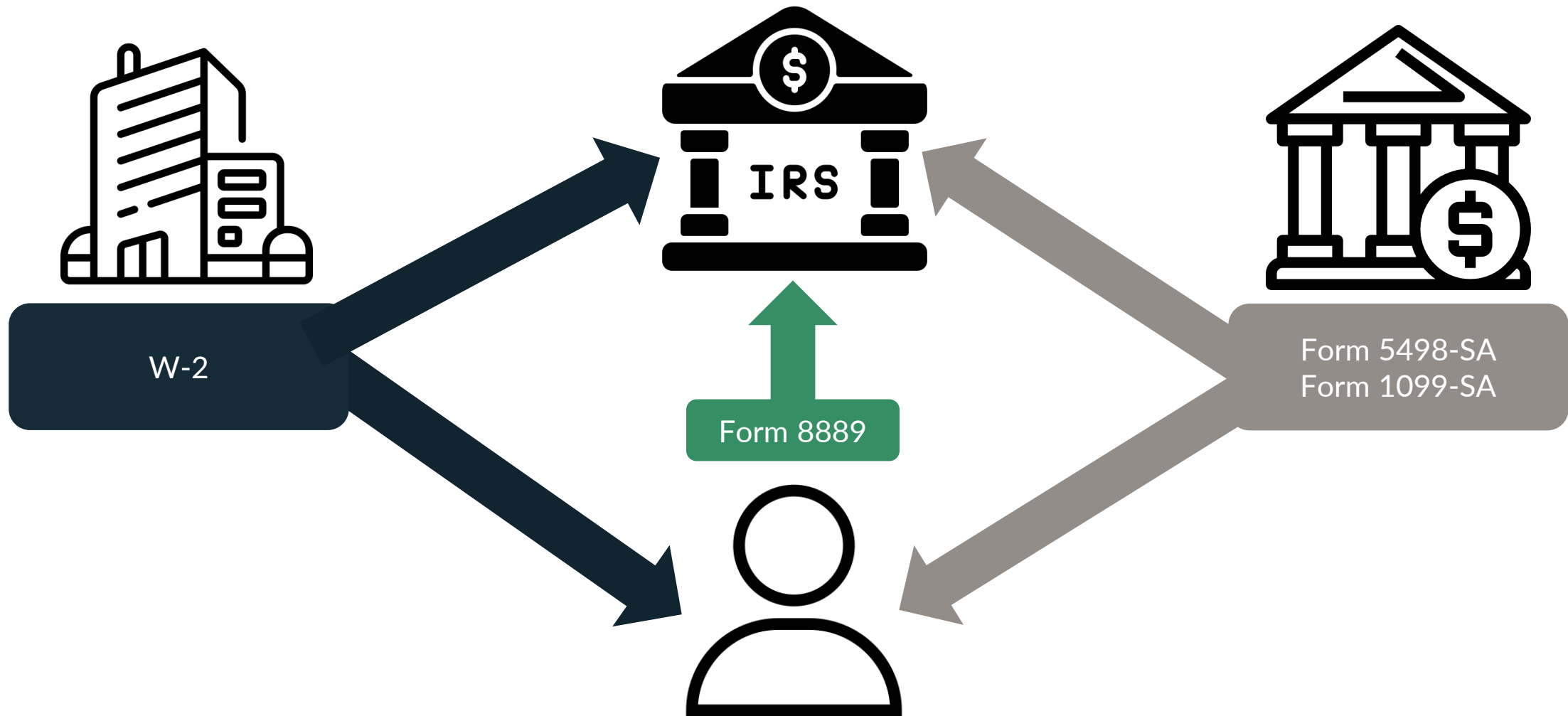


Employer



IRS

Reporting Responsibilities



HSA Reporting Requirements – Financial Organization

2727 ☐ VOID ☐ CORRECTED

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Employee's or self-employed person's Archer MSA contributions made in 2024 and 2025 for 2024 \$	OMB No. 1545-1518 2024 Form 5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information
		2 Total contributions made in 2024 \$		
TRUSTEE'S TIN	PARTICIPANT'S TIN	3 Total HSA or Archer MSA contributions made in 2025 for 2024 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2024 General Instructions for Certain Information Returns.
PARTICIPANT'S name		4 Rollover contributions \$	5 Fair market value of HSA, Archer MSA, or MA MSA \$	
Street address (including apt. no.)		6 HSA <input type="checkbox"/> Archer MSA <input type="checkbox"/> MA MSA <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code				
Account number (see instructions)				

Form **5498-SA** Cat. No. 38467V www.irs.gov/Form5498SA Department of the Treasury - Internal Revenue Service
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9494 ☐ VOID ☐ CORRECTED

TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1517 Form 1099-SA (Rev. November 2019) For calendar year 20		Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
PAYER'S TIN	RECIPIENT'S TIN	1 Gross distribution \$	2 Earnings on excess cont. \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
RECIPIENT'S name		3 Distribution code	4 FMV on date of death \$	
Street address (including apt. no.)		5 HSA <input type="checkbox"/> Archer MSA <input type="checkbox"/> MA MSA <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code				
Account number (see instructions)				

Form **1099-SA** (Rev. 11-2019) Cat. No. 38471D www.irs.gov/Form1099SA Department of the Treasury - Internal Revenue Service
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HSA Reporting Requirements – HSA Owner

Form 8889	Health Savings Accounts (HSAs)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form8889 for instructions and the latest information.	2023 Attachment Sequence No. 52
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Social security number of HSA beneficiary. If both spouses have HSAs, see instructions.

Before you begin: Complete Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, if required.

Part I HSA Contributions and Deduction. See the instructions before completing this part. If you are filing jointly and both you and your spouse each have separate HSAs, complete a separate Part I for each spouse.

1	Check the box to indicate your coverage under a high-deductible health plan (HDHP) during 2023. See instructions	<input type="checkbox"/> Self-only <input type="checkbox"/> Family
2	HSA contributions you made for 2023 (or those made on your behalf), including those made by the unextended due date of your tax return that were for 2023. Do not include employer contributions, contributions through a cafeteria plan, or rollovers. See instructions	
3	If you were under age 55 at the end of 2023 and, on the first day of every month during 2023, you were, or were considered, an eligible individual with the same coverage, enter \$3,850 (\$7,750 for family coverage). All others , see the instructions for the amount to enter	
4	Enter the amount you and your employer contributed to your Archer MSAs for 2023 from Form 8853, lines 1 and 2. If you or your spouse had family coverage under an HDHP at any time during 2023, also include any amount contributed to your spouse's Archer MSAs	
5	Subtract line 4 from line 3. If zero or less, enter -0-	
6	Enter the amount from line 5. But if you and your spouse each have separate HSAs and had family coverage under an HDHP at any time during 2023, see the instructions for the amount to enter	
7	If you were age 55 or older at the end of 2023, married, and you or your spouse had family coverage under an HDHP at any time during 2023, enter your additional contribution amount. See instructions	
8	Add lines 6 and 7	
9	Employer contributions made to your HSAs for 2023	9
10	Qualified HSA funding distributions	10
11	Add lines 9 and 10	11
12	Subtract line 11 from line 8. If zero or less, enter -0-	12
13	HSA deduction. Enter the smaller of line 2 or line 12 here and on Schedule 1 (Form 1040), Part II, line 13 Caution: If line 2 is more than line 13, you may have to pay an additional tax. See instructions.	13

Part II HSA Distributions. If you are filing jointly and both you and your spouse each have separate HSAs, complete a separate Part II for each spouse.

14a	Total distributions you received in 2023 from all HSAs (see instructions)	14a
b	Distributions included on line 14a that you rolled over to another HSA. Also include any excess contributions (and the earnings on those excess contributions) included on line 14a that were withdrawn by the due date of your return. See instructions	14b
c	Subtract line 14b from line 14a	14c
15	Qualified medical expenses paid using HSA distributions (see instructions)	15
16	Taxable HSA distributions. Subtract line 15 from line 14c. If zero or less, enter -0-. Also, include this amount in the total on Schedule 1 (Form 1040), Part I, line 8f	16
17a	If any of the distributions included on line 16 meet any of the Exceptions to the Additional 20% Tax (see instructions), check here	

HSA Reporting Requirements – Employer

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
f Employee's address and ZIP code		11 Nonqualified plans		12a	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2024

Department of the Treasury—Internal Revenue Service

Questions?



CHAT WITH US OR CALL US AT 888.470.4542

MONDAY-FRIDAY, 8:00 A.M.-5:00 P.M., CT