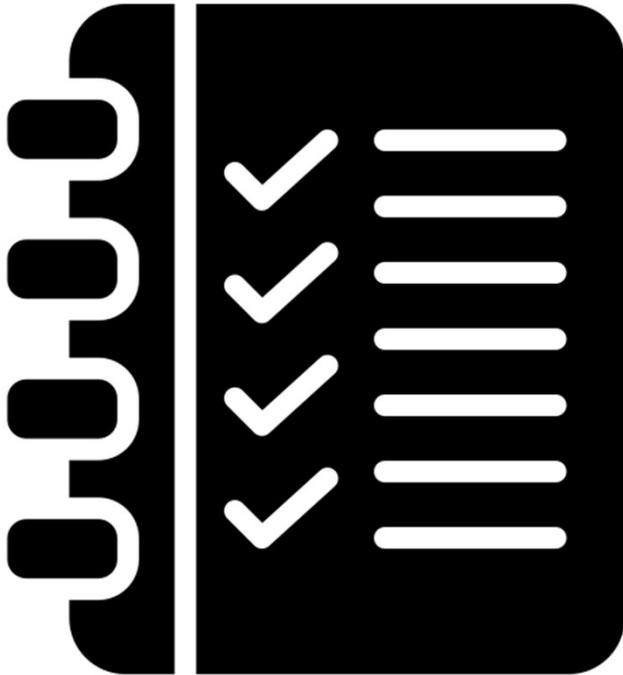


Introduction to HSAs

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

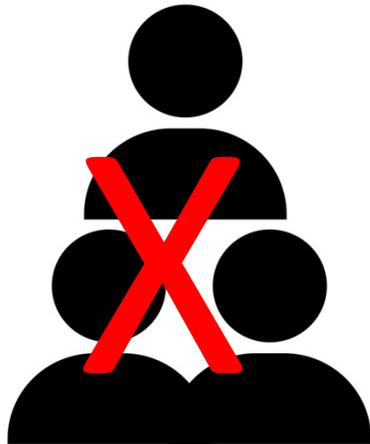
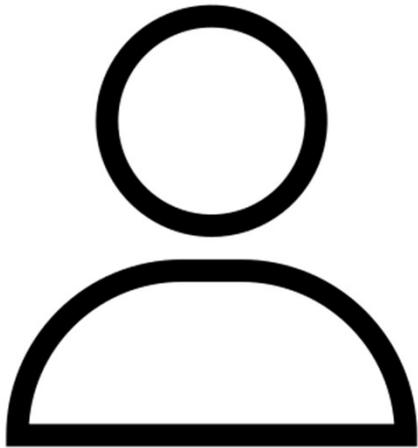
- Contributions are tax-deductible
- Earnings on the investments within the HSA grow tax-deferred
- Distributions for qualified medical expenses are tax-free

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
- Can be used for non-medical expense purposes at any time (subject to tax and possible IRS penalty)

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

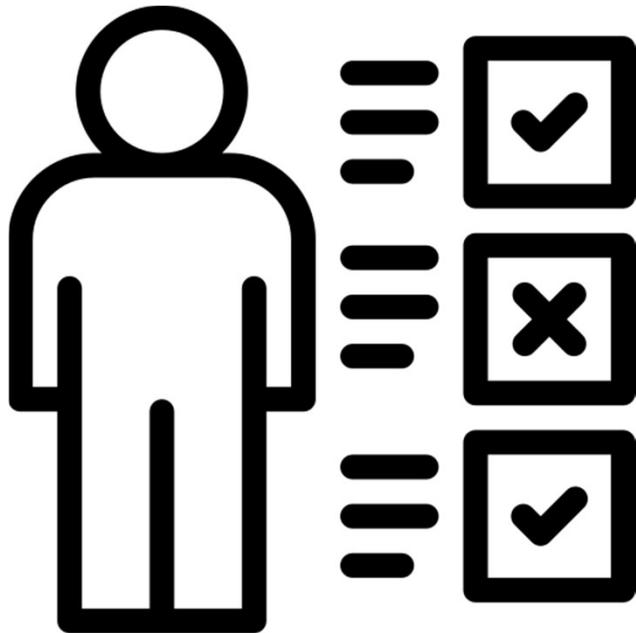
Certification of Eligibility*



*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
2026	Self-Only	\$1,700	\$8,500
	Family	\$3,400	\$17,000
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 and no benefit is provided until deductible for HDHP is met)
- TRICARE (health care program for active duty and retired uniformed services)

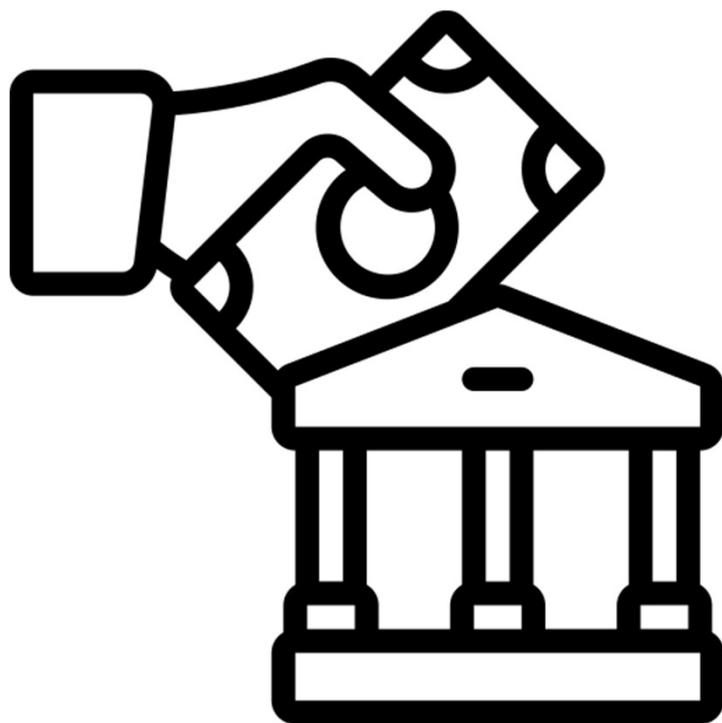
Preventative Care Exception

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

HSA Contributions

Who Can Contribute to an HSA?



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

Contribution Limits

<u>Full-Year Contribution Limits</u>			
Contribution Year	Self-Only HDHP Coverage	Family HDHP Coverage	Catch-up Contribution*
2026	\$4,400	\$8,750	\$1,000
2025	\$4,300	\$8,550	\$1,000

*Age 55 for HSA catch-up contribution

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

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

Rollovers & Transfers

Rollovers and Transfers

Transfers

- Not reported to the IRS
- Can be done in kind or in cash
- No 60-Day rule
- No 1-per 12-month rule

Rollovers

- Reported to the IRS on Forms 1099-SA and 5498-SA
- Can be done in kind or in cash
- 60-day rule applies
- 1-per 12-month rule applies

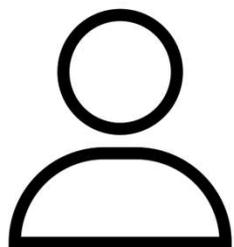
Rollovers and Transfers



- Can rollover/transfer Archer MSA 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

HSA Reporting

HSA Reporting Stakeholders



Account
Owner



Financial
Organization

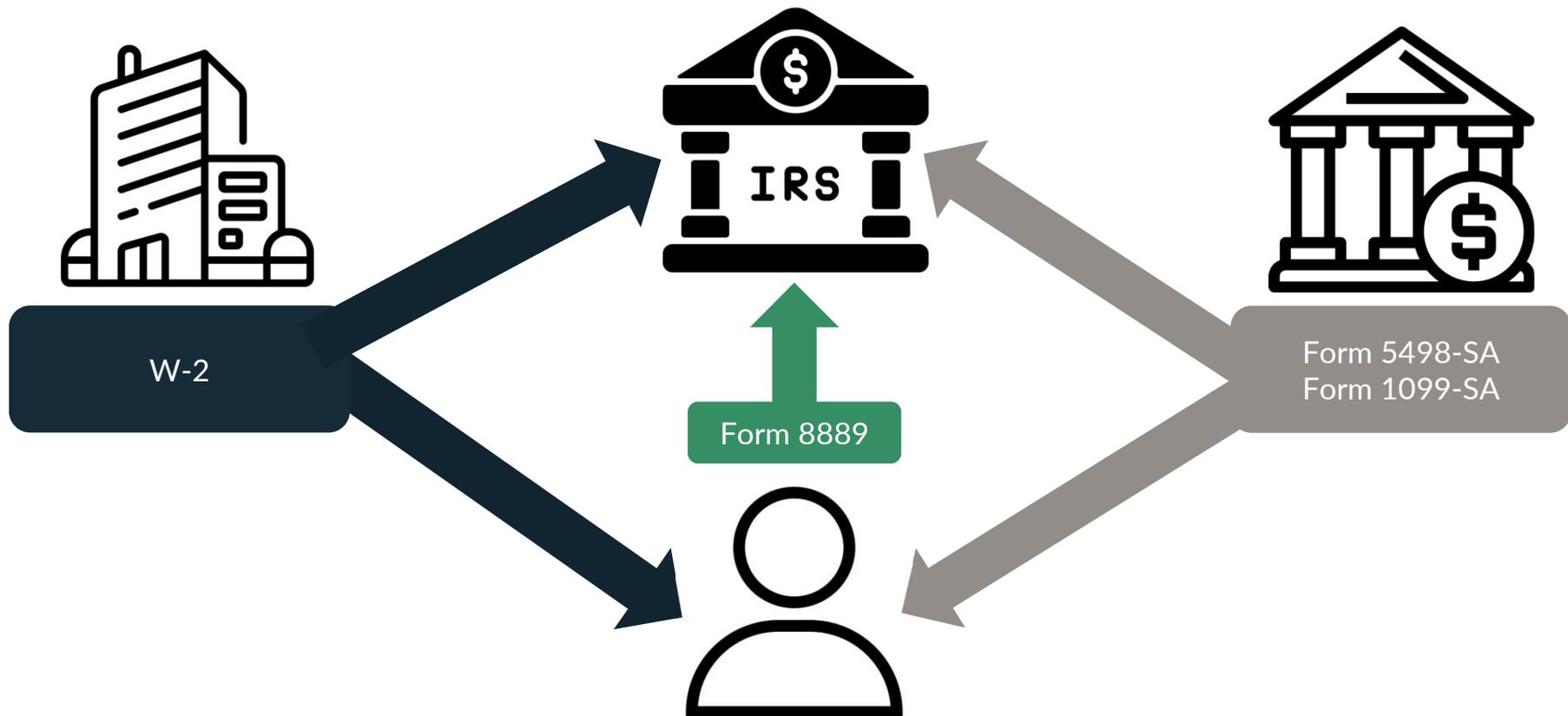


Employer



IRS

Reporting Responsibilities



HSA Reporting Requirements – Financial Organization

CORRECTED (if checked)

TRUSTEE'S name				1 Employee's or self-employed person's Archer MSA contributions made in the calendar year and the subsequent year for the calendar year	OMB No. 1545-1518 Form 5498-SA (Rev. December 2026) For calendar year	HSA, Archer MSA, or Medicare Advantage MSA Information
Street address			Room/suite no.			
City/town	State/province	Country	ZIP/foreign code	\$		
Telephone number:				2 Total contributions made in the calendar year	Copy B For Participant This information is being furnished to the IRS.	
TRUSTEE'S TIN		PARTICIPANT'S TIN		\$		
PARTICIPANT'S name				3 Total HSA or Archer MSA contributions made in the subsequent year for the calendar year		
Street address			Apt. no.	4 Rollover contributions	5 Fair market value of HSA, Archer MSA, or MA MSA	
City/town	State/province	Country	ZIP/foreign code	\$	\$	
Account number (see instructions)				6 HSA <input type="checkbox"/>		
				Archer MSA <input type="checkbox"/>		
				MA MSA <input type="checkbox"/>		

Form **5498-SA** (Rev. 12-2026) (keep for your records) www.irs.gov/Form5498SA Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

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. April 2025) For calendar year	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
PAYER'S TIN	RECIPIENT'S TIN	1 Gross distribution	2 Earnings on excess cont.
		\$	\$
RECIPIENT'S name		3 Distribution code	4 FMV on date of death
Street address (including apt. no.)			\$
City or town, state or province, country, and ZIP or foreign postal code		5 HSA <input type="checkbox"/>	
		Archer MSA <input type="checkbox"/>	
		MA MSA <input type="checkbox"/>	
Account number (see instructions)			

Form **1099-SA** (Rev. 4-2025) (keep for your records) www.irs.gov/Form1099SA Department of the Treasury - Internal Revenue Service

HSA Reporting Requirements – HSA Owner

Form 8889 Department of the Treasury Internal Revenue Service	Health Savings Accounts (HSAs) Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form8889 for instructions and the latest information.	OMB No. 1545-0074 2025 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.			
<p>Before you begin: Complete Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, if required.</p>					
<p>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.</p>					
1 Check the box to indicate your coverage under a high-deductible health plan (HDHP) during 2025. See instructions		<input type="checkbox"/> Self-only <input type="checkbox"/> Family			
2 HSA contributions you made for 2025 (or those made on your behalf), including those made by the unextended due date of your tax return that were for 2025. Do not include employer contributions, contributions through a cafeteria plan, or rollovers. See instructions		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">2</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	2		
2					
3 If you were under age 55 at the end of 2025 and, on the first day of every month during 2025, you were, or were considered, an eligible individual with the same coverage, enter \$4,300 (\$8,550 for family coverage). All others , see the instructions for the amount to enter		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">3</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	3		
3					
4 Enter the amount you and your employer contributed to your Archer MSAs for 2025 from Form 8853, lines 1 and 2. If you or your spouse had family coverage under an HDHP at any time during 2025, also include any amount contributed to your spouse's Archer MSAs		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">4</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	4		
4					
5 Subtract line 4 from line 3. If zero or less, enter -0-		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">5</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	5		
5					
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 2025, see the instructions for the amount to enter		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">6</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	6		
6					
7 If you were age 55 or older at the end of 2025, married, and you or your spouse had family coverage under an HDHP at any time during 2025, enter your additional contribution amount. See instructions		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">7</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	7		
7					
8 Add lines 6 and 7		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">8</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	8		
8					
9 Employer contributions made to your HSAs for 2025		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">9</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	9		
9					
10 Qualified HSA funding distributions		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">10</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	10		
10					
11 Add lines 9 and 10		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">11</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	11		
11					
12 Subtract line 11 from line 8. If zero or less, enter -0-		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">12</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	12		
12					
13 HSA deduction (see instructions)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">13</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	13		
13					
<p>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.</p>					
14a Total distributions you received in 2025 from all HSAs (see instructions)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">14a</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	14a		
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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">14b</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	14b		
14b					
c Subtract line 14b from line 14a		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">14c</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	14c		
14c					
15 Qualified medical expenses paid using HSA distributions (see instructions)		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">15</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	15		
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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">16</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	16		
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		<input type="checkbox"/>			
b Additional 20% tax (see instructions). Enter 20% (0.20) of the distributions included on line 16 that are subject to the additional 20% tax. Also, include this amount in the total on Schedule 2 (Form 1040), Part II, line 17c		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">17b</td><td style="width: 85%;"></td><td style="width: 10%;"></td></tr> </table>	17b		
17b					

HSA Reporting Requirements – Employer

		a Employee's social security number		OMB No. 1545-0029			
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.			11 Nonqualified plans				
			13 Statutory employee Retirement plan Third-party sick pay			12a	
			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			12b	
			14a Other			12c	
f Employee's address and ZIP code			14b Treasury Tipped Occupation Code(s)				
			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 2 – To Be Filed With Employee's State, City, or Local
 Income Tax Return

2026

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