HSA FAQ’s

Who is eligible to open an HSA?
The main requirement for opening an HSA is having a high-deductible health plan that meets IRS guidelines for the annual deductible and out-of-pocket maximum. To be an eligible individual and qualify for an HSA, you must also meet the following requirements.

- You are not covered by any other non-HDHP health plan, such as a spouse’s plan, that provides any benefits covered by your HDHP plan.
- You are not enrolled in Medicare.
- You do not receive health benefits under TRICARE.
- You have not received Veterans Administration (VA) benefits within the past three months.
- You cannot be claimed as a dependent on another person’s tax return.
- You are not covered by a general purpose health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.

What is a “high-deductible health plan”?
An HDHP is a health plan that satisfies certain requirements for deductibles and out-of-pocket expenses. Click here to view the IRS limits and guidelines.

What other kinds of health coverage can I have and still be eligible to open a HSA?
In addition to your HDHP, you may have coverage from “permitted insurance” which is coverage related to compensation from workers’ compensation, tort liabilities, liabilities relating to ownership or use of property, insurance for a specified disease or illness and insurance that pays a fixed amount per day of hospitalization. Coverage for accidents, disability, dental care, vision care or long-term care does not disqualify you from opening an HSA.

May a husband and wife have a joint HSA?
No. Each spouse must open a separate HSA. You can, however, give your spouse access to your HSA by designating them as an authorized signer on the account.

Who can contribute to an HSA?
Anyone can contribute to your HSA on your behalf.

Do I need earned income in order to contribute to an HSA?
No. Contributions may be made by you, or on your behalf, even if you are retired, have no income, or your income is less than your contributions.

Are there limits to how much I can contribute to my HSA?
Yes. The IRS determines the maximum amount that can be contributed to an HSA during the calendar year. Click here for this year’s contribution limits. Please note: If you enroll in Medicare mid-year, you will need to pro-rate your HSA contributions.

If I do not have a Health Savings Account for an entire calendar year, how much can I contribute?
You must prorate your HSA contributions to avoid tax penalties. Below are examples:

<table>
<thead>
<tr>
<th>Annual Contribution Limit</th>
<th>÷ 12 Months</th>
<th>X</th>
<th># of months eligible</th>
<th>Prorated Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,300 (individual)</td>
<td></td>
<td></td>
<td></td>
<td>$1,100</td>
</tr>
<tr>
<td>$6,550 (family)</td>
<td></td>
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<td>$3,275</td>
</tr>
</tbody>
</table>
Is there a deadline for contributions made to an HSA?
Yes, yearly contributions should be made by your tax filing deadline, generally April 15 of the following year.

What happens when I exceed the yearly maximum amount of HSA contributions?
If your HSA contributions exceed the IRS contribution limits, you must report the excess amount as gross income on your income tax. You will also have to pay additional excise tax on this amount. However, you can remove the excess contributions by submitting an Excess Contribution Removal Form to us within that tax year. ($25 fee applies.)

What are the “IRS-qualified medical expenses” that I can pay for with my tax-free HSA funds?
You can pay for a wide range of IRS-qualified medical expenses with your HSA, including many that aren't typically covered by health insurance plans. This includes deductibles, co-insurance, prescriptions, dental and vision care, and more. For a complete list of IRS-qualified medical expenses, visit irs.gov or hsabank.com/IRSQqualifiedExpenses.

Are health insurance premiums considered IRS-qualified medical expenses?
Generally, health insurance premiums ARE NOT considered IRS-qualified medical expenses, UNLESS they are for:

- Qualified long-term care insurance,
- COBRA health care continuation coverage
- Health care coverage while an individual is receiving unemployment compensation

For individuals over 65, the following premiums ARE considered IRS-qualified medical expenses:

- Medicare Parts A, B, D, Medicare HMA
- Employee portion paid for employer-sponsored health insurance
- Employee portion paid for employer-sponsored retiree health insurance

Can I use my tax-free HSA savings to pay for [blank] or reimburse myself for [blank] IRS-qualified medical expenses from a previous year?
Yes, as long as the IRS-qualified medical expenses were incurred after your HSA was established, you can pay them or reimburse yourself with HSA funds at any time. Just be sure to keep sufficient records to show that these expenses were not previously paid for by another source or taken as an itemized deduction in any prior tax year.

Who is responsible for making sure Has funds are only used to pay for IRS-qualified medical expenses?
As the HSA account holder, you are responsible. So it’s important to keep records of the IRS-qualified medical expenses you pay for with your HSA in order to exclude those dollars from your gross income.

Can my HSA funds ever be taxed?
HSA funds that are used to pay for non IRS-qualified medical expenses are considered part of your gross income and subject to an additional 20%. Exceptions include HSA distributions that are made after an account holder's death, disability, or after they turn 65.

What types of investments can I use HSA funds for?
You can invest your HSA funds in any IRA-approved investment, such as bank accounts, annuities, certificates of deposit, stocks, mutual funds, or bonds. You can't invest HSA funds in life insurance contracts, or in collectibles (e.g., any work of art, antique, metal, gem, stamp, coin, alcoholic beverage, or other tangible personal property). HSAs may, however, be invested in certain types of bullion or coins.

Please note: An HSA trust or custodial agreement may restrict options to certain types of permissible investments (e.g., particular investment funds).

Can I rollover or transfer money to my HSA from a previous medical or health savings account?
Contributions from Archer MSAs and other health savings accounts can be rolled over to your current HSA.