

# Health Savings Account Enrollment Materials

As part of your High Deductible Health Plan (HDHP) and your Health Savings Account (HSA) benefit, your employer has selected Avidia Bank as your HSA Custodian and FlexBank Administrators as your third party HSA administrator. Your HSA is designed to help you save and pay for your health care expenses on a tax-free basis and provide you with the resources you need to answer all of your HSA questions.

**Health Savings Account Forms:** Please complete the paperwork included in this kit and return to FlexBank. Instructions noted below.

**Health Savings Account Contribution Form:** If you are interested in contributing to your HSA on a pre-tax basis, you must complete the HSA contribution form and forward to your employer's Benefits Administrator.

You will receive an email deposit confirmation from FlexBank whenever a deposit has been made as a result of a payroll deduction from your paycheck through your employer.



## **Avidia Bank Health Savings Account**

Interest-bearing checking account that provides easy access to your money when paying for qualified medical expenses.

- ✓ \$0 monthly administrative fee.
- ✓ Investment opportunities are available when your balance reaches \$1,000. The monthly fee to invest is \$2.50 unless your balance is over \$3,000.
- ✓ Free HSA debit card.
- ✓ Checks, 25 \$8.
- ✓ Free On-line bill pay.
- ✓ Account statements sent monthly when there is activity on the account. Quarterly regardless of activity. E-statements free; paper statements \$1.25 per month.

## **Setting up your HSA with Avidia Bank**

- FlexBank is working with your employer to open your HSA with Avidia Bank.
- Once your HSA is open, you will receive a welcome email from Avidia Bank. To finalize the HSA process, you must click the link within the welcome email and accept the disclosures.
- Option to add an authorized signer and designate beneficiaries may be done online or by completing the forms in this packet. To order checks, please complete and sign the form below.
- Return the completed forms to FlexBank.  
email [HSA@flexbank.net](mailto:HSA@flexbank.net) ~ fax 937.299.5609  
mail 1250 W Dorothy Lane, Suite 107, Dayton, OH 45409



## **FlexBank Administrators**

Address: 1250 W Dorothy Lane  
Suite 107  
Dayton, OH 45409  
Phone: 937.299.5515  
Free: 888.677.8373  
Email: [HSA@FlexBank.net](mailto:HSA@FlexBank.net)  
Web: [FlexBank.net](http://FlexBank.net)

## **Avidia Bank**

Web: [www.mywealthcareonline.com/avidiabankhsa](http://www.mywealthcareonline.com/avidiabankhsa)

*After your HSA is open and you've received an email from Avidia, to register online:*  
Click "Register" in the top right hand corner.  
User Name, 5-12 characters including numbers  
Password  
Confirm Password  
First Name  
Last Name  
Email Address  
Employee ID, social security number no dashes  
Registration ID, AVIFLEXBANK  
Accept Terms of Use



## HSA - Authorized Signer Form

Instructions: Use this form to change an existing/already established Health Savings Account (HSA). Complete this form and mail it to: Flex Bank, 1250 W Dorothy Lane, Suite 107, Dayton, OH 45409 . For assistance, call 1.888.677.8373 or send an email to: HSA@FlexBank.net

### Account Holder's Personal Information: ALL FIELDS REQUIRED (P.O. BOX NOT ACCEPTED)

First Name		MI		Last Name				
Social Security #	-	-	or	Account #		DOB (mm/dd/yyyy)	/	/

### Authorized Signer Information: (P.O. Box not accepted)

Since regulations require that only one individual own a Health Savings Account (HSA), the account holder may want his/her spouse and/or third party to be an authorized signer to write checks or use his/her debit card. **Note: Authorized signers must be 18 years or older**

I (account holder), as named above, designate the following individual as an additional authorized signer on my Health Savings Account.

Authorized Signer First Name		MI	Authorized Signer Last Name			
Social Security #	-	-	DOB (mm/dd/yyyy)	/	/	
Driver License #		License State	Issue Date	(mm/dd/yyyy)	Expiration Date	(mm/dd/yyyy)
Street Address		City	State		Zip Code	
Home Phone						

☐ This is the first authorized signer request submitted for my account. Please send a complimentary HSA Card to the individual listed above

☐ I would like to order 25 duplicate checks and 10 deposit tickets with my authorized signer's name.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person on an account. What this means to you: When you add an authorized signer to your account we will need you to provide your authorized signer's name, street address, date of birth and other information that will allow us to identify your authorized signer. We may also ask to see your authorized signer's driver's license or other identifying documents. Your authorized signer will be added to your account upon verification of their identity.

### Signatures

If you wish to designate an authorized signer on your account, please complete all of the required fields listed above. If you are unable to provide all of the required information on your authorized signer, they will not be added to your account. You hereby designate the following individual as an authorized signer on your Health Savings Account (HSA). By designating an authorized signer on your account, you authorize the person designated above as "Authorized Signer" to transact business with and give instructions to Avidia Bank regarding your HSA; make deposits or withdrawals by any means acceptable to Avidia Bank, including paper and electronic methods such as ACH and Internet-generated transactions; receive and have access to account information, including balances and transactions; endorse any instruments such as checks, orders or other documents for the payment of funds; and to otherwise serve as agent for your Avidia Bank HSA. You specifically authorize Avidia Bank, as custodian of your HSA, to rely upon this authorization and designation until such time, if any, that Avidia Bank receives a written revocation of this authorization, and has had a reasonable time to act upon the revocation. You understand that you are responsible for ensuring that your authorized signer reads and understands the Avidia Bank Account Documents which have been provided to you. You hold harmless and indemnify Avidia Bank against any claims against or losses Avidia Bank may suffer arising out of Avidia Bank's reliance on this authorization, and release Avidia Bank from any liability arising from such reliance, unless otherwise prohibited by law. You understand that you bear sole responsibility for any tax consequences that result from any actions taken by the authorized signer regarding your account. **NO PRESENT OR FUTURE OWNERSHIP OR RIGHT OF SURVIVORSHIP IS GIVEN TO THE AUTHORIZED SIGNER BY THIS AUTHORIZATION. UPON NOTICE TO AVIDIA BANK OF YOUR DEATH, THIS AUTHORIZATION TERMINATES, AND RIGHTS TO FUNDS IN YOUR ACCOUNT WILL BE TRANSFERRED TO YOUR BENEFICIARIES. IF YOU DID NOT NAME A BENEFICIARY, YOUR ACCOUNT BALANCE WILL ONLY BE PAYABLE TO YOUR ESTATE.**

Owner \_\_\_\_\_ Date \_\_\_\_\_



The balance in your HSA is insured by the Federal Deposit Insurance Corporation (FDIC), and subject to applicable deposit limits.





## Health Savings Account Beneficiary Form

Instructions: Use this form to add a Beneficiary to your HSA. For assistance call 1-888-677-8373 or send an email to HSA@FlexBank.net. Return completed form to: Avidia Bank, PO Box 370, Hudson, MA 01749.

### Account Holder's Personal Information – all fields required unless otherwise indicated

First Name	MI	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Social Security #	Account # (8 digits, from your statement)	Birth Date (mm/dd/yyyy)
<input type="text"/> - <input type="text"/> - <input type="text"/>	OR <input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>

### Designation of Beneficiary

The following individual(s) or entity shall be my primary and/or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be the primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated the beneficiaries will be deemed to own equal share percentages in the account. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If a primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro-rated basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my account. I understand that I may change or add beneficiaries at any time by completing and delivering the Account Maintenance form to Avidia Bank. Avidia Bank has provided no tax or legal advice to me regarding my beneficiary designation.

Name & Address of Individual (or Trust and Trustee)	Date of Birth (Creation date, if Trust)	Social Security # (TIN, if Trust)	Relationship	Primary or Contingent	Share %
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Spousal Consent

*This section should be reviewed if either the trust or the residence of the accountholder is located in a community or marital property state and the accountholder is married. Due to important tax consequences of giving up one's community property interest, individuals signing this section should consult with an independent legal or tax advisor.*

### CURRENT MARITAL STATUS

- ☐ I am not married – I understand that if I become married in the future, I must complete a new Designation of Beneficiary form.
- ☐ I am married – I understand that if I choose to designate a primary beneficiary other than my spouse, I am responsible for obtaining consent if required by law.

### Signature

I authorize the individuals designated above to be added as Beneficiaries to my HSA and certify that the information provided above and attached hereto is accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



The balance in your HSA is insured by the Federal Deposit Insurance Corporation (FDIC), and subject to applicable deposit limits.



## Check Order Form

Instructions: Use this form to order Health Savings Account (HSA) checks. Return to: Avidia Bank, PO Box 370, Hudson, MA 01749. For assistance, call 1-888-677-8373 or send an email to [HSA@FlexBank.net](mailto:HSA@FlexBank.net).

**Name** First \_\_\_\_\_ Last \_\_\_\_\_ M.I. \_\_\_\_\_

**Address** Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

*Mailing Address if Different*

**Address** Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**Authorized Signer**

**Name** First \_\_\_\_\_ Last \_\_\_\_\_ M.I. \_\_\_\_\_

**I authorize Avidia bank to order checks:** \_\_\_\_\_ **Date** \_\_\_\_\_




The balance in your HSA is insured by the Federal Deposit Insurance Corporation (FDIC), and subject to applicable deposit limits.





## HSA Transfer Form

Instructions: Use this form to make a Transfer. Complete and return to Avidia Bank, PO Box 370, Hudson, MA 01749. For assistance call 1-855-472-9399, or send an email to: HSA@AvidiaBank.com

Account Holder Information	
First Name _____	Last Name _____ MI _____
Street Address _____	City _____ State _____ Zip Code _____
Address Line 2 _____	
Social Security Number _____	Daytime Phone _____ E-Mail Address _____
Avidia Bank HSA Account Number _____	
Request Type	
Trustee to Trustee Transfer: I currently have HSA funds with another Trustee/Custodian and want to transfer the funds directly to my HSA account at Avidia Bank	
Transfer Information	
Current Custodian Bank Name _____	Current HSA Account Number _____
Street Address _____	City _____ State _____ Zip Code _____
Phone Number _____	Fax Number _____
Transfer Instructions	
Transfer the entire balance of the Current HSA listed above to Avidia Bank and CLOSE my account & Liquidate investments if applicable	
Please transfer \$ _____ of the Current HSA listed above to Avidia Bank and DO NOT CLOSE my account	
Make Check Payable to : Avidia Bank as Custodian for _____ <small>*Account Owner's First &amp; Last Name*</small>	
Return the Transfer Check to Avidia Bank, PO Box 370, Hudson MA 01749	
Instructions	
Once this completed form is signed and returned to Avidia Bank, we will initiate the Trustee to Trustee Transfer on your behalf. Depending upon the previous Custodian/Trustee Bank's processing time, it may take 4-6 weeks before your funds are sent to Avidia Bank. If you have not received your funds and would like Avidia Bank to follow up on your behalf, please contact us at 855-472-9399 or by e-mail at HSA@avidiaabank.com.	
Account Holders Authorization	Accepting HSA Custodian
I authorize the transfer of the HSA assets in the manner described above and certify that all of the information provided by me is correct and may be relied upon by the Custodian.	Avidia Bank agrees to serve as the new Custodian for the account of the individual who is authorizing the Transfer. As the newly designated Custodian, we agree to accept the aforementioned assets transferred. Please remit a check payable to Avidia Bank as Custodian of the HSA Account Number listed above for the amount listed within the Transfer Instructions
I understand that I am responsible for determining that this HSA transfer qualifies under the rules and conditions applicable to such transfers and agree to abide by those rules and conditions. I assume responsibility for any tax consequences or penalties that may apply to the transfer of these assets and I agree that the Custodian shall in no way be held responsible.	
_____ <small>Account Owner Signature</small>	_____ <small>Authorized Signature of New Custodian</small>

The balance in your HSA is insured by the Federal Deposit Insurance Corporation (FDIC), and subject to applicable deposit limits.





## Health Savings Account Contribution Form

### Section I. Employee Information

Employer Name:		# Pay Periods:		Division:	
Employee Name:		<input type="checkbox"/> Male <input type="checkbox"/> Female	Social Security #:		
Street:		City:		State:	Zip:
Birth Date:		HDHP Effective Date:		<input type="checkbox"/> Single Coverage <input type="checkbox"/> Family Coverage	
Email Address:			Phone Number:		

### Section II. Group Insurance Premium and/or HSA Contribution

Your Group Insurance plan premiums and/or Health Savings Account contributions are withheld pre-tax automatically. Your election to pay your Group Insurance premium and/or Health Savings Account contribution automatically continues each year unless revoked. You may revoke your premium election at the beginning of a plan year or during the year should you have a qualifying "life event" that permits a mid-year change.

### Section III. HSA Contribution

Only employees covered by a High Deductible Health Plan (HDHP) may contribute to a Health Savings Account (HSA). Employees who are covered by "other first dollar coverage" may not contribute: a health plan that has first dollar co-pays, TRICARE, Medicare, general purpose FSA or HRA, or if the individual has received VA benefits or Indian Health Services in the last three months.

Effective January 1, 2016 employees receiving VA benefits may contribute to an HSA if their VA benefits are the result of a service connected disability.

**2020** Calendar Year Maximum Contributions: Single \$3,550 Family \$7,100  
If 55 and older, additional annual catch up contribution is \$1,000

\$ \_\_\_\_\_  
per pay

#### Last Month Rule

Individuals who become covered under an HSA-eligible plan in a month other than January may make the maximum HSA contribution for the year based on their coverage (single vs. family) in the last month of the year.

#### Change in HDHP coverage type (single vs. family)

If an individual changes coverage type mid-calendar year, he may contribute up to the greater of (a) maximum amount that may be contributed for the taxable year, based upon his actual HDHP coverage (i.e. single vs. family) for each month of the year or (b) the full HSA contribution limit for the taxable year based on the type of HDHP coverage that he had on December 1 of that year.

#### 13-month Testing Period

If the individual makes HSA contributions under the last-month rule, and the individual does not remain HSA-eligible (for reasons other than death or disability) during the 13-month "testing period" (beginning with the December of the year for which those contributions were made and ending on the last day of the 12<sup>th</sup> month following that December), the amount which could not have been contributed except for this provision will be included in income and subject to a 10% additional tax. This 10% penalty cannot be avoided by withdrawing such amounts from the HSA, even if the withdrawal were made by April 15.

#### HSA-ineligible mid-calendar year

If an individual becomes covered by other first dollar coverage and/or terminates HSA-eligible coverage during a calendar year, the maximum contribution is prorated based on the number of full months they are eligible in that calendar year.

☐  
I do not wish to contribute to a Health Savings Account.

### Section IV. Authorization

- These are my pre-tax elections. I have read and understand the description of the Plan.
- I understand that if I own an HSA, I am responsible for knowing and abiding by all of the rules and regulations.
- I certify I am eligible to contribute to a health savings account.
- I understand my insurance premium election may only be changed during the Plan Year for certain "life events" such as marriage, divorce, death of a spouse or child, birth or adoption of a child, change in employment status, or termination of employment. Changes must be made within 30 days of the event.
- Health savings account changes in election may be made at any time.
- Participation in this program may reduce my future Social Security benefits.
- I authorize my employer to make automatic payroll deductions of the amounts shown above from my earnings each pay period as well as authorize FlexBank to debit/credit my health savings account as necessary for HSA depositing.

Date \_\_\_\_\_ Employee Signature \_\_\_\_\_

### Section V. To Be Completed By Employer

Date of 1st Payroll Deduction: \_\_\_\_\_

*If you have questions about the Health Savings Account, please contact FlexBank at 937.299.5515 or 888.677.8373.*





### **A Health Savings Account (HSA)**

An HSA is an account into which you can deposit money to save for current and future medical expenses. There are advantages to depositing money into these accounts, including favorable tax treatment.

### **Who Can Contribute to an HSA?**

Only individuals covered by a high deductible health plan (HDHP) and without other "first dollar medical coverage" may contribute to an HSA. Other first dollar coverage includes: a health plan that has first dollar co-pays, TRICARE, Medicare, general purpose FSA or HRA, or if the individual has received VA benefits or Indian Health Services in the last three months. *Effective January 1, 2016 individuals receiving VA benefits may contribute to an HSA if their VA benefits are the result of a service connected disability or for preventive care.* In addition, in order to be HSA eligible, the individual cannot be claimed as a dependent on someone else's tax return. Other types of insurance like specific injury insurance/accident, disability, dental care, vision care or long-term care insurance are permitted.

### **High Deductible Health Plans (HDHP)**

You must have coverage under an HSA-qualified HDHP to open and contribute to an HSA. Generally, this is health insurance that does not cover first dollar medical expenses. Federal law requires that the 2020 health insurance deductible be at least \$1,400 for self-only coverage and \$2,800 for family coverage.

In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for "preventive care" services on a first-dollar basis. Preventive care may include routine pre-natal and well-child care, child and adult immunizations, annual physicals, mammograms, etc.

*FlexBank Administrators*  
1250 W. Dorothy Lane, Suite 107  
Dayton, Ohio 45409  
**Phone: 937.299.5515**  
Fax: 937.299.5609  
Free Phone: 888.677.8373  
**[www.flexbank.net](http://www.flexbank.net)**

# Information About A Personal, Tax-Free Health Savings Account





# A tax-free HSA saves you money and is so easy to use.

## Contributions to your HSA

Contributions to your HSA can be made by anyone; you, your employer or a family member. However, total contributions are limited each calendar year. If your employer permits, you may contribute through payroll deduction on a pre-tax basis. Or, you may contribute to your account on a post-tax basis and deduct the HSA contributions when completing your federal income tax return (even if you do not itemize deductions).

Contributions to the HSA for the year in which you enroll in other first dollar coverage (i.e. Medicare) must be prorated based on the number of months you are HSA-eligible. You have through April 15 of the following year to contribute up to this maximum. Also, you can keep the money in your HSA and use it to pay for future eligible medical expenses tax-free.

You can make a contribution to your HSA each calendar year that you are eligible. For 2020, you may contribute up to a maximum per calendar year of \$3,550 self-only coverage and \$7,100 family coverage.

Individuals age 55 and older can also make additional “catch-up” contributions. This includes your spouse who may be covered by your health plan without other first dollar coverage. Please note, a spouse’s catch-up contribution must be made into an HSA in the spouse’s name. The maximum catch-up contribution is \$1,000 per calendar year per HSA.

Your *eligibility* to contribute to an HSA is generally determined by whether you have HDHP coverage on the first day of the month. Your maximum contribution for the year can be calculated two ways: (1) *the full contribution*, or (2) *the prorated amount*. The *full contribution* amount is based upon the type of coverage you have on December 1. The *prorated* amount is 1/12 of the maximum annual contribution for the HDHP coverage type you have times the number of months you have coverage. If your contribution is greater than the prorated amount, and you fail to remain covered by an HDHP for the entire following calendar year, the extra contribution above the prorated amount is included in income and subject to an additional 10 percent tax.



## Maximum Contributions

- ✓ **2020:** \$3,550/self-only; \$7,100/family
- ✓ \$1,000 “catch-up” for those age 55+  
*Maximum contributions are per calendar year.*

## Contact FlexBank!

Call **888.677.8373** or

Email [HSA@FlexBank.net](mailto:HSA@FlexBank.net)

with your HSA questions!

Also, contact FlexBank regarding contribution rules if you have a change in coverage.

[www.flexbank.net](http://www.flexbank.net)



## Health Savings Account Sample Eligible Expenses

### Eligible Expenses

Acupuncture	Liquid adhesive for small cuts
Alcoholism / Drug treatment	Mastectomy related bras
Ambulance charges	Medical alert bracelet
Arch supports	Medical records charges
Arthritis gloves	Midwife
Bandages / Band-Aids	Mileage
Bariatric surgery	Motion sickness wristband
Birthing classes	Occlusal guards
Blood pressure monitors	Orthodontia/Invisalign
Blood sugar test kits/strips	Orthopedic shoe insert
Body scans (MRIs)	Ostomy, colostomy supplies
Brace for knees, wrists, back	Ovulation monitor
Breast pumps and supplies	Physical therapy
Chiropractic fees	Prescriptions
Compression hosiery	Pregnancy test kits
Contact lenses & solutions	Psychiatric care
Contraceptives	Reading glasses
Co-pays / Co-insurance	Rehydration solution
Costs for physical or mental illness confinement	(Pedialyte for children)
CPAP devices	Rubbing alcohol
Crutches / cane	Saline solution
Deductible expenses	Seeing eye dog & expenses
Dental implants	Shipping & handling for eligible medical expenses
Dental treatment	Smoking cessation programs
Dentures	Special communication equipment for the deaf
Diabetic supplies	Speech therapy
Durable medical equipment	Sterilization procedures
Eyeglasses & eye exam	Sunscreen
First aid kits	Taxes on medical services & products
Hearing aids & batteries	Telemedicine & online medical consultation
Incontinence supplies	Telephone for hearing impaired
Infertility treatment/IVF	TENS machine
Insulin supplies	Thermometer
Laboratory fees	
Laser eye surgery	

### Transportation expenses

primarily for medical care  
Treatment for substance abuse  
Vaccines  
Walkers  
Wheelchair & repairs  
X-rays

### Dual Purpose Expenses

**Requires a doctor's note or Rx w/ a diagnosis stated**

Air purifier  
Dietary supplements  
Fitness tracker  
Health club dues  
Humidifier  
Hypnosis  
Petroleum jelly  
Massage therapy  
Vitamins for medical condition  
Waterpik  
Weight loss programs

### Over the Counter Medicines **Examples below, all require a valid prescription.**

Acne medicine  
Antacids  
Antibiotic ointments  
Anti-itch creams  
Allergy medicines  
Cold medicines  
Diaper rash cream  
Eye drops  
Laxatives  
Lice treatment  
Motion sickness medicine  
Pain relievers  
Smoking cessation products  
Wart remover treatments

### Ineligible Expenses

"Concierge" annual fee  
Cosmetic procedures  
Court ordered DUI class  
CPR class  
Dental floss  
Deodorant  
Diet & weight loss foods  
Electrolysis  
Eyeglasses/contacts warranty  
Face creams & moisturizers  
Hearing aid warranty  
Imported drugs  
Insect repellant  
Late fees  
Marital counseling  
Maternity clothes  
Mattresses  
Medical marijuana  
Missed appointment fee  
Mouthwash

Non-prescription sunglasses  
Prepayments  
Sunglass clips  
Teeth whitening  
Toothbrushes & toothpaste  
Vitamins for general health

### Eligible Premiums

Health insurance premium while receiving federal or state unemployment  
COBRA or state continuation premiums  
Qualified long term care insurance (as indexed by calendar year and age)  
Medicare & retiree premiums (once HSA owner & insured if other than owner = age 65+; Medicare supplement plans not eligible)

## Using Your HSA

- ✓ You can use the money in the account to pay, tax-free, for any "qualified medical expense" as permitted under federal tax law.
- ✓ In order to be considered an eligible expense, the date of service must be after the effective date of your high deductible health plan (HDHP) **and** after your HSA has been established (opened and funded). If your HDHP is effective mid-month, dates of service must be the first of the following month and forward in order to be considered eligible.
- ✓ You can use the money in the account to pay for medical expenses for yourself, your spouse and/or your dependent children.
- ✓ You may use your HSA funds for your "adult child" if they could qualify as your tax dependent (other than the income limitation).
- ✓ You can pay for expenses of your spouse and dependent children even if they are not covered by your health plan.
- ✓ Should you use your HSA for ineligible expenses, you must report these purchases on your tax return and pay taxes plus penalty. If you are 65 or older, you must only pay tax.
- ✓ You may withdraw funds from your HSA tax-free for eligible expenses even after you are no longer HSA-eligible.
- ✓ You may pay for your eligible expense out of your pocket today, then reimburse yourself from your HSA later. You may reimburse yourself at any time in the future. This is known as the "shoebox" rule.

# Advantages of HSAs

**Security:** Your high deductible health plan and HSA protect you against high or unexpected medical bills.

**Affordability:** In general, your health insurance premiums may be lower by switching to health insurance coverage with a higher deductible.

**Flexibility:** You can use the funds in your account to pay for current medical expenses or save the money in your account for future needs.

**Savings:** You can save the money in your account for future medical expenses and grow your account through interest earnings.

**Control:** You make all the decisions about:

- How much money to put into the account.
- Whether to save the account for future expenses or pay current medical expenses.
- Which medical expenses to pay from the account.
- Whether to invest any of the money in the account and which investments to make (if available).

**Portability:** Accounts are completely portable, meaning you can keep your HSA even if you:

- Change jobs
- Change your medical coverage
- Become unemployed
- Move to another state
- Change your marital status

**Ownership:** Funds remain in the account from year to year, just like a regular checking account. There are no “use it or lose it” rules for HSAs.

**Tax Savings:** An HSA provides triple tax savings:  
(1) tax deductions when you contribute to your account;  
(2) tax-free earnings through interest/investment;  
(3) tax-free withdrawals for qualified medical expenses.

## What happens to my HSA when I die?

Upon death, remaining HSA funds transfer to the HSA beneficiary. If your spouse is the beneficiary, your spouse becomes the owner of the account and can use it as if it were their own HSA. If the beneficiary is anyone other than your spouse, the account will no longer be treated as an HSA upon your death. The account will pass to your beneficiary or become part of your estate and be subject to any applicable taxes.

## What do I need to file with my taxes?

In January, your custodial bank will send to you a report detailing distributions (Form 1099-SA).

In May, your custodial bank will send to you a report detailing contributions (Form 5498-SA). The form is mailed in May as you have through April 15 to make a contribution for the prior calendar year.

It is your responsibility to complete and file **Form 8889** and submit it along with your 1040.

## What documentation must I keep for purchases?

The key to maintaining the tax-free status of your HSA is document ... document ...document! You will be required, if audited by the IRS, to produce documentation that clearly indicates you used the money in your HSA to purchase qualified expenses. The type of documentation required by the IRS must state the following:

- Who the item was purchased for (patient name)
- What service/product was provided (a description)
- Why the service/product was purchased (a diagnosis)
- Where the service/product was performed (the provider's name)
- When the service/product was purchased (the date of service)
- How much insurance paid, if any

*FlexBank does not offer legal or tax advice. Please consult your legal or tax advisor for proper guidance.*



[www.flexbank.net](http://www.flexbank.net)

Phone: 937.299.5515 Free Phone: 888.677.8373 Fax: 937.299.5609

# When No Longer HSA-Eligible...

## What happens if you are no longer permitted to contribute to an HSA?

If you are no longer eligible to contribute to an HSA, it is very important that you contact FlexBank. A few of the reasons you may no longer be permitted to contribute to an HSA are:

- ✓ You become covered by other health insurance coverage that is not an HSA-eligible high deductible health plan (HDHP). For example, a health plan that has co-pays for prescriptions and office visits.
  - ✓ You enroll in Medicare (even Part A that is free).
  - ✓ You enroll in TRICARE.
  - ✓ You become covered by a general purpose Flexible Spending Account (FSA) or first dollar Health Reimbursement Arrangement (HRA) either at your place of employment or your spouse's place of employment.
  - ✓ You begin receiving Indian Health Services.\*
  - ✓ You begin receiving VA Benefits not the result of a service connected disability or preventive care.\*
- \*Once 3 full months have passed without benefits, you may continue contributions.

### How much can be contributed?

If you are HSA-eligible on December 1 of the calendar year, you may contribute the maximum as annually indexed by the IRS per calendar year: In 2020, the maximums are \$3,550/single, \$7,100/family. If you are 55 and older, you may make an additional "catch-up" contribution of \$1,000 each calendar year.

### HSA-ineligible mid-calendar year

If you become covered by another first dollar health plan and/or terminate HSA-eligible coverage during the calendar year, and you are not HSA-eligible on December 1 of that year, the maximum you may contribute is prorated based on the number of months you are HSA-eligible in that calendar year. You have until April 15 to contribute the maximum permitted to your HSA. **For example:** Meredith, age 30, has self-only HDHP coverage and is an HSA-eligible individual for the first four (4) months of 2020. The IRS maximum HSA contribution for an individual with self-only HDHP coverage for 2020 is \$3,550. Meredith may contribute a maximum of \$1,183.32 ( $4/12 \times \$3,550$ ) to her HSA.

### 13-Month Testing Period

In the calendar year prior to becoming HSA-ineligible, if you made HSA contributions, under the full-contribution rule, and you do not remain HSA-eligible (for reasons other than death or disability) during the 13-month "testing period" (beginning with the December of the year for which those contributions were made and ending on the last day of the 12<sup>th</sup> month following that December), the amount which could not have been contributed except for this provision must be included in income and subject to a 10% additional tax. This 10% tax cannot be avoided by withdrawing such amounts from the HSA, even if the withdrawal were made by April 15.

**For example:** Joe joins an HSA-eligible health plan on June 1, 2019 and is HSA-eligible for seven (7) months. He contributes the maximum permitted of \$7,000 for family coverage. Joe then enrolls in his spouse's plan on April 1, 2020. His 2020 contribution must be prorated to 3/12ths of the maximum (based on the number of months he is HSA-eligible).  $\$7,100 / 12 \text{ months} = \$591.66 \times 3 \text{ months eligible} = \$1,774.98$ . He must now review his 2019 contribution, as he did not remain HSA-eligible through December 2020 as required by the "13 month testing period". His 2019 contribution is now limited to 7/12ths or \$4,083.31. He must include \$2,916.69 (\$7,000 2019 contribution less \$4,083.31 permitted maximum) as income + the 10% penalty on his personal tax return.

### How do I rectify if I over contribute?

If your contributions exceed the maximum permitted in a calendar year, you should remedy the situation (preferably prior to December 31 of the year in which you over-contributed) by asking the custodial bank for a distribution of the excess amount plus attributable earnings.

**Step 1:** Contact FlexBank for the custodial bank specific form to complete for excess contributions.

**Step 2:** FlexBank will contact the custodian and submit the paperwork detailing the amount of the excess contribution and request a distribution of the excess amount and attributable earnings (the earnings will be taxable).

**Step 3:** The custodian should report the distribution on Form 1099-SA as an excess contribution. If insufficient funds remain in your HSA, the custodian should report the earlier distributions as including an excess contribution, plus earnings.

**Step 4:** You should report the excess contribution as "other income" on your federal tax return if the contribution was made on a pre-tax basis.

While the custodian bank may require that you submit requests to rectify prior to December 31, the IRS technically notes that April 15 of the following year is the deadline to remedy the excess contribution. If you do not take these steps prior to April 15, you may be subject to an additional 6% excise tax.

### What happens to the money in the HSA?

The individual owns the HSA, it is in your name and it is portable if you leave your employment or if you become HSA-ineligible. You may withdraw funds for qualified medical expenses on a tax-free basis even if you, at the time of distribution, are no longer an HSA-eligible individual.

### Contact FlexBank

Contact FlexBank as you have questions. We can be reached by phone 937.299.5515 ~ 888.677.8373 or by email [HSA@FlexBank.net](mailto:HSA@FlexBank.net).

**FlexBank does not offer legal or tax advice. Please consult your legal or tax advisor for proper guidance.**



[www.flexbank.net](http://www.flexbank.net)

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