

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 Fifth Third 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 Application: Please complete the attached application and return it to your employer's Benefits Administrator.

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 whenever a deposit has been made as a result of a payroll deduction from your paycheck through your employer.



Fifth Third Bank Health Savings Account

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

- 5/3 monthly HSA administration fee based on your account balance.
- Interest credited.
- Two free HSA debit cards (\$10 per card thereafter).
- 50 checks for \$24.99 (price subject to change).
- Free monthly paper and/or emailed statements if have account balance.
- Free online banking & bill pay.
- Mutual fund investing available with certain minimum balances.
- Complete the application and return it to FlexBank.
email 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
Web: FlexBank.net

Fifth Third Bank

Web: <http://employee.53HSA.com>

HSA ENROLLMENT FORM

Instructions

1. Complete entire form in order to open a Fifth Third Bank Health Savings Account.
2. Fax completed form to **FlexBank Administrators Attn: HSA Team – 1-888-677-9373** or
3. Mail completed form to **FlexBank Administrators, Attn: HSA Team 1250 W. Dorothy Lane, Suite 107, Dayton, OH 45409**
4. If you have any questions regarding this form, please contact **FlexBank Administrators at 1-888-677-8373**.

Account Holder Information

Last Name	First Name	Middle Initial
Social Security Number	Date of Birth	
Mother's Maiden Name	Marital Status (<i>Single / Married</i>)	Gender (<i>M / F</i>)
Telephone Number	E-mail Address	
Street Address (<i>cannot be a PO Box</i>)		
City State	Zip Code	

Employer Information

Employer Name	Division
Hire Date	Employee ID

Insurance Information

To open an HSA, you are required to meet the following criteria:

- Must be covered under a qualified HDHP
- Cannot be:
 - Claimed as a dependent on someone else's tax return
 - Enrolled in Medicare – but mere eligibility does not disqualify
 - Covered under another non-HDHP unless it's "permitted insurance" (dental, vision, AFLAC)

Insurance Company Name	Plan Start Date	Deductible Amount
HDHP Coverage Level	<input type="checkbox"/> Self-Only	<input type="checkbox"/> Family/Other

Authorized Signer(s) Information

Regulations require that only one individual can own an HSA account. The account holder may want his/her spouse or a third party through an Authorized User to use a debit card and/or write checks. Please complete the section below if you wish to grant an Authorized User this authority.

Last Name	First Name	Middle Initial
Social Security Number	Date of Birth	
Mother's Maiden Name	Marital Status (<i>Single / Married</i>)	Gender (<i>M / F</i>)
Telephone Number	E-mail Address	
Street Address (<i>cannot be a PO Box</i>)		
City State	Zip Code	

Debit Card Information

Note: You may request a debit card for yourself, for an authorized signer, and/or for Dependent(s). A total of two (2) debit cards are available at no charge for each HSA. There is a charge of \$10.00 for each additional card after the first two (2). **Debit card holders must be at least 18 years of age.**

Would you like to receive a free HSA Debit MasterCard® for your account? ☐ Yes ☐ No

Would you like a free Debit MasterCard® issued to your Authorized Signer listed above (if applicable)? ☐ Yes ☐ No

Direct Deposit Setup Information

Complete the information below to link a bank account to your HSA. The account can be used to make electronic contributions to your HSA or to receive electronic withdrawals from your HSA.

Financial Institution Name

Financial Institution Street Address

City

State

Zip Code

Account Type: ☐ Checking ☐ Savings

Routing Number

Account Number

JON SMITH
1234 8th St. S
FARGO, ND 58102

DATE 1200

PAY TO THE ORDER OF \$1200

MEMO

0123456789 68590134 1200

Routing Number Account Number

Beneficiary Designation Information

The following individual(s) or entity shall be my primary and/or contingent death beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary death beneficiary. If more than one primary death beneficiary is designated, the death beneficiaries will be deemed to own equal share percentages in the HSA. Multiple contingent death beneficiaries will also be deemed to share equally.

If any primary or contingent death beneficiary dies before I do, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining death beneficiary(ies) shall be increased on a pro rata basis. If no primary death beneficiary(ies) survives me, the contingent death beneficiary(ies) shall acquire the designated share of my HSA.

If no Beneficiary is named, or if all Beneficiaries pre-decease the owner, the HSA funds will be paid to the estate.

No.	Name and Address	Date of Birth	Social Security Number	Primary or Contingent	Relationship	Share %
1.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other	
2.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other	
3.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other	

Spousal Consent

This section should be reviewed if either the trust or the residence of the HSA Account Beneficiary is located in a community or marital property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin) and the HSA Account Beneficiary is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.

☐ I am not married and I understand that if I become married in the future, I must complete a new HSA Designation of Death Beneficiary form.

☐ I am married and I understand that if I choose to designate a primary death beneficiary other than my spouse, my spouse must sign below.

I am the spouse of the above-named HSA Account Beneficiary. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this HSA, I have been advised to see a tax professional.

I hereby give the HSA Account Beneficiary any interest I have in the funds or property deposited in this HSA and consent to the death beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

Signature of Spouse

Date

Signature of Witness

Date

Dependent Information

If you have family coverage, please complete the following information regarding dependents that are covered by your health plan.

Last Name

First Name

Middle Initial

Social Security Number

Date of Birth

Street Address

City State

Zip Code

Dependent's Relationship to HSA Account Holder		Order Debit Card: <input type="checkbox"/> Yes <input type="checkbox"/> No
Last Name	First Name	Middle Initial
Social Security Number		Date of Birth
Street Address		
City State		Zip Code
Dependent's Relationship to HSA Account Holder		Order Debit Card: <input type="checkbox"/> Yes <input type="checkbox"/> No
Last Name	First Name	Middle Initial
Social Security Number		Date of Birth
Street Address		
City State		Zip Code
Dependent's Relationship to HSA Account Holder		Order Debit Card: <input type="checkbox"/> Yes <input type="checkbox"/> No

IMPORTANT: Please read before Signing

I understand the eligibility requirements for the type of HSA deposits that I will be making and I state that I qualify to make deposits in my Fifth Third HSA Checking Account. I understand that the terms and conditions, which apply to the Fifth Third HSA Checking Account, are contained in the Disclosure Statement, Fifth Third Bank Rules and Regulations and HSA Custodial Agreement. I understand electronic copies of these documents can be located online within my HSA.

I understand that I assume sole responsibility for how this individual ("Authorized User") utilizes my HSA Account. By signing below the Authorized User acknowledges and agrees that they are able to act on behalf of the HSA account holder only. Access to other accounts of the HSA account holder will not be granted. Signature of Authorized User is required on the last page of this application.

I ASSUME COMPLETE RESPONSIBILITY FOR:

1. Determining that I am eligible for an HSA each year I make any contributions to my HSA.
2. Ensuring that all contributions that I make are within the limits set forth by the tax laws.
3. The tax consequences of any contributions (including rollover contributions) and distributions.

Signature of HSA Account Holder	Date
Signature of Authorized User <i>(if entered on first page)</i>	Date

FlexBank, Inc. ADMINISTRATIVE SERVICES AGREEMENT

By signing this form I understand that the following administrative services for my Fifth Third Bank Health Savings Account ("HSA") are provided to me by FlexBank, Inc. Administrative services provided by FlexBank, Inc. include enrollment assistance, access to the toll-free help-line to answer any question concerning Health Savings Account, qualified medical expenses, or other distributions. I understand that I, and not FlexBank, Inc., am personally responsible for all aspects of my HSA. FlexBank does not offer tax or legal advice. I hereby appoint and authorize FlexBank, Inc. as my designated agent to interact with Fifth Third Bank as may be required in the administration of my HSA. This would include authorization to credit or make deposits to my account for the purpose of employee/employer HSA contributions and if necessary, process a debit or adjustment for any credit/deposit entries in error such as a mistaken contribution. I hereby specifically consent to and permit Fifth Third Bank to provide my account number, account information and other non-public information concerning my HSA to FlexBank, Inc. and authorize Fifth Third Bank to interact with FlexBank, Inc. as may be required or appropriate in the administration of my HSA. This appointment of FlexBank, Inc. as my designated agent is effective as of the date shown on this application or until revoked by me in writing. I have read and consent and agree to the terms of the FlexBank Administrative Agreement described above.



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 12th 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

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

with your HSA questions!

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

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

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 12th 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.

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www.flexbank.net

Phone: 937.299.5515 Free Phone: 888.677.8373 Fax: 937.299.5609