



HEALTH SAVINGS ACCOUNT

FREQUENTLY ASKED QUESTIONS (FAQ)

1. Is there a good resource for HSA questions and inquiries?

Yes, the IRS is a valuable resource for your HSA questions. Visit www.irs.gov. In the search field, enter Publication 969 Main Content.

2. Who may contribute to the HSA?

There are no restrictions as to who may contribute to an HSA on behalf of the owner of the account as long as the account holder is currently enrolled in a qualified high deductible health plan. All contributions, however, are applied toward the account holder's annual contribution limits.

3. What is the difference between "current year" and "previous year" contributions?

The IRS allows you to make contributions into your HSA for a given year until the tax filing deadline for that year (e.g., you have until April 15, 2019 to make a 2018 HSA Contribution). Deposits made in the year for which they are applied are called "current year contributions"; while deposits made for a previous year are called "previous year contributions".

4. How do I make contributions to my HSA?

Current year contributions can be made via direct deposit, electronic deposits/transfers (ATM, Mobile Deposit, or Internet Transfer thru Money Connection Online), mail or in person. A HSA Contribution Instructions form is required for all contributions made via mail or in person. Contact a Personal Banker, located in each office, for the form.

Previous year contributions can only be made by mail or in person, (usually January 1st thru April 15th). A HSA Contribution Instructions form must be completed. Contact a Personal Banker for the form.

How will my electronic deposits (ATM, Mobile Deposit, Internet Transfers) be reported?

All of these deposits will be reported as current year Contributions.

How will my electronic withdrawals (ATM, Internet Transfers) be reported?

All of these withdrawals will be reported as current year Distributions.

5. Can I transfer HSA funds currently held at another institution to First National Bank?

Yes, please visit with your Personal Banker.

6. How much can I contribute per year to my HSA?

The maximum annual contribution is determined by your insurance coverage.

	2018	2019
Self-only Coverage	\$3,450.00	\$3,500.00
Family Coverage	\$6,900.00	\$7,000.00

7. If I am 55 or older, can I make additional “catch-up” contributions?

Yes, individuals 55 or older can make “catch-up” contributions into an HSA established under their name until they enroll in Medicare. Allowable “catch-up” contributions are in addition to the standard maximum contribution outlined above.

	2018 and Beyond
Maximum “catch-up” contribution	\$1,000.00

8. I am still carrying health insurance coverage for my 25-year old child. Can I use my HSA to help pay for his medical expenses?

It depends; an adult child **must still be your tax dependent** in order for his medical expenses to qualify for payment or reimbursement from a parent’s HSA. If the adult child is not a tax dependent but is covered by a parent’s HSA-eligible health plan, he may be able to open his own HSA. In these circumstances it is best to consult with a tax advisor.

9. What happens if I have an excess contribution?

You may withdraw the excess amount and any earnings on the excess without penalty prior to the tax filing deadline of the year in which the excess occurred. While no penalty will be incurred, you will still be required to pay income tax on both the excess contribution and earnings. If you do not withdraw the excess prior to the tax filing deadline then you may be liable for a 6% excise tax on the excess contribution and on any earnings of the excess. Please contact a Personal Banker if you believe an excess HSA contribution has occurred.

10. Will the bank contact me if I have an excess contribution?

Your financial institution is not required to contact you regarding an excess contribution. Financial institutions must monitor age, record all contributions and distributions and provide you with bank statements and IRS reports. It is your responsibility not to exceed the contribution limit for your HSA. If you discover an excess contribution has occurred, please contact a Personal Banker to make a correction.

11. How can I use my HSA funds?

Your HSA operates like a personal checking account (with tax implications). You can distribute/spend funds via cash withdrawals, writing checks or using your debit card. All distributions from your HSA account must be used for qualified medical expenses as outlined in **IRS Publication 502** in order to avoid penalty and/or taxation.

12. How does the HSA debit card work?

Exactly like the debit card you may use for your personal checking account. Rather than writing a check to a retailer or provider, you can present the debit card. (Note: It does not work like some Flex Benefits Cards by separating the qualified expenses from the non-qualified expenses).

13. Does my HSA have to have money in it before I use it to pay a provider?

Yes, it is similar to a personal bank account in your name. Your card is a debit card, not a credit card. Like a checking account, the funds must be in your account before you can pay for an expense.

14. What if funds are not available in my HSA when I incur an eligible medical expense?

If you do not have enough money in your HSA to pay for an eligible medical expense, you will need to pay for the

expense by some other means. A HSA is like a personal bank account in your name. Your debit card is a debit card, not a credit card. As such, the funds must be in your account before you can pay for an expense. Once the money is in your HSA account, you can withdraw the amount that you paid and reimburse yourself. Providers are often willing to implement a payment plan that coincides with your scheduled HSA deposits. You can reimburse yourself any time during your lifetime as long as you have the receipt.

15. What if I accidentally use my HSA funds for a non-qualified expense?

If a distribution was made in error (called “mistaken distribution”) for what you thought was a qualified expense but turned out not to be, or received a check from the insurance company or business provider, you can return the distribution to your account without penalty, as long as there is clear and convincing evidence that it was a mistake of fact. Repayment MUST be made by the tax filing deadline (most commonly April 15) of the year in which you identified the mistake. To make repayment for a mistaken distribution, please contact a Personal Banker. Please bring your check and check stub to complete a HSA Contribution Instruction form and indicate on your form that the deposit is repayment for the mistaken distribution.

16. Who is responsible for keeping track of my expenses?

You are! Everyone with an HSA must keep accurate recordkeeping and receipts documenting account expenses. Should a contribution or distribution occur on your account, FNB is responsible for filing IRS Forms 1099-SA and 5498-SA with the Internal Revenue Service. Keeping proper receipts and recordkeeping at home is necessary should you ever be audited or need proof that you exceeded your insurance deductible. You must file form 8889 with Form 1040 if you had any activity in your HSA during the year.

17. What happens if I leave my employer? Will I lose the money in my HSA?

Your HSA is portable – it is entirely owned and operated by you. This means that you are not required to “use it or lose it” and funds roll over each year. Should you leave your current employer, you are still eligible to contribute to your HSA as long as you are enrolled in a High Deductible Health Plan. Moreover, you have the right to continue expensing the funds until they are fully depleted.

18. What happens to my HSA if I die?

Your spouse will inherit your HSA upon your death, unless you name a different beneficiary. If you name your estate or children as beneficiary, the HSA ceases to be an HSA and will become taxable income to the beneficiary.

If you have additional questions regarding your HSA, please contact your accountant or visit www.treas.gov; or consult IRS Publication 502.



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