

# Frequently Asked Questions



## Who Qualifies for an HSA?

Anyone who is:

- Covered by a Qualified High-Deductible Health Plan (QHDHP) and not covered by any other health plan that is not a QHDHP. (Your insurance provider will assist you in determining if your plan meets the requirements as defined by the IRS.)
- Not enrolled in Medicare or Medicaid. If you are Medicare eligible and not enrolled, you may participate if you meet the other qualifications.
- Not claimed as a dependent on someone else's tax return.

## Who can contribute to an HSA and what are the tax benefits?

- Contributions can be made by you as the individual account holder, your employer or any other person.
- Contributions made by the account holder or another individual other than your employer are tax-deductible to the account holder.
- Contributions can be made at any time until the tax filing deadline.
- Contributions made by your employer with company funds are not included in your income.

## How much can I contribute to an HSA?

- Your maximum annual HSA contribution is based on the statutory limit for your type of coverage. For 2009, if you have self-only HDHP coverage, you can contribute up to \$3,000; \$5,950 if family HDHP, no matter what your HDHP deductible is.
- Individuals age 55+ may make additional "catch-up" contributions which also typically adjust annually. A married couple can make two catch-up contributions as long as both spouses are over the age of 55 and each owns an HSA in their name.
- You can contribute as often as you like or fully fund the account upon opening. If you become ineligible for an HSA at any point during the year, based on a change in your medical coverage, you may have to withdraw a portion of your contribution to avoid the tax on excess HSA contributions.

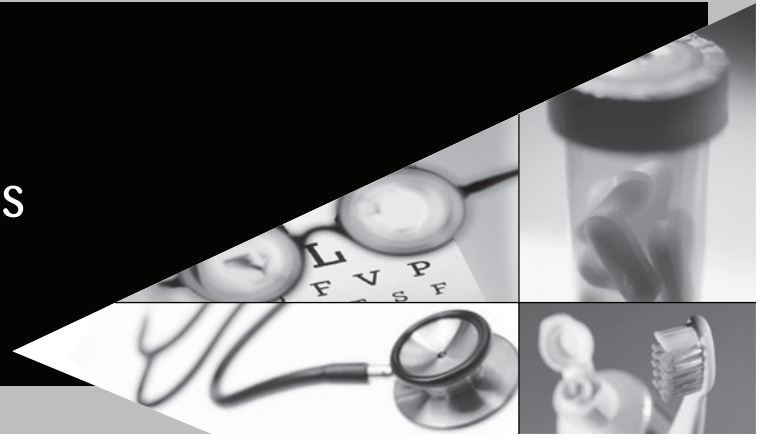
## What happens to my HSA at the end of the year?

Funds roll over from year to year earning interest and continue to accumulate for future years. These funds may be used to pay for future qualified medical expenses or can be used to supplement income at age 65.

## What happens if I over contribute to my HSA?

You must withdraw the excess contribution prior to April 15th of the following year or you will be subject to a 10% penalty on the excess contribution and any earnings from those funds.

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## Qualified Medical Expenses

### Who is responsible for monitoring my account to ensure that I do not make excess contributions and that I utilize my funds only for qualified expenditures?

It is the financial responsibility of the account owner, not the trustee or custodian, to determine if deposits have exceeded the maximum allowable amount and to use the funds for qualified medical expenses. The following is a partial list of items that may or may not qualify:

#### May Qualify:

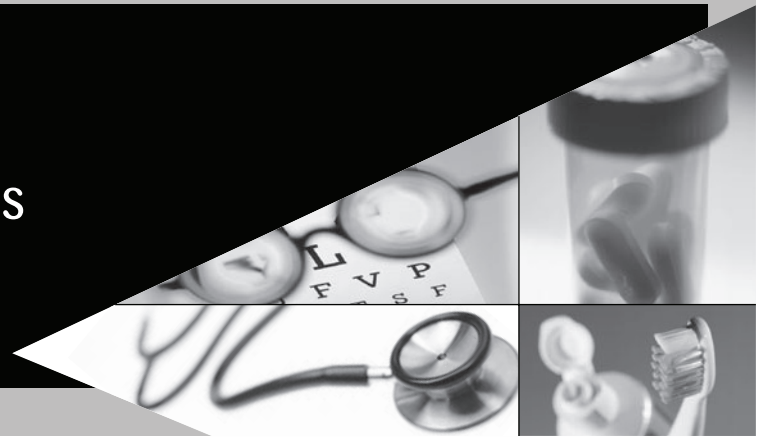
1. Acupuncture
2. Ambulance
3. Artificial Teeth
4. Bandages
5. Chiropractor
6. Crutches
7. Dental Treatment
8. Diagnosis
9. Eye Glasses/Contacts
10. Hearing Aids
11. Laser Exam
12. Long term care
13. Over -the-Counter -Items
14. Therapy

#### May Not Qualify:

1. Cosmetic Surgery & Programs
2. Cosmetics
3. Funeral Expenses
4. Health Programs/Health Clubs
5. Household Help
6. Non-Prescription Drugs and medicines
7. Nutritional Supplements

A complete listing of qualified expenditures can be found in IRS Publication 502. Call 1-800-TAX-FORM or visit [www.irs.gov](http://www.irs.gov). You may also contact your Legal or Tax Advisor for guidance.

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## What do I need to do at tax time?

- Prepare in advance by maintaining accurate records all year. We suggest that you keep your receipts together with your monthly statement. These documents can assist you in the event you are ever audited.
- Complete a Form 8889 for reporting purposes.
- Please consult your Tax Advisor with questions.
- You do not have to itemize your deductions to deduct your HSA contributions.

## If administration and account maintenance fees are withdrawn from my HSA, are the withdrawn amounts treated as taxable distributions to me, and does the withdrawn amount increase the maximum annual contribution limit?

No. Amounts withdrawn from your HSA for administration and account maintenance fees will not be treated as taxable distributions and will be reflected appropriately on the documents supplied to the IRS.

No. For example, if the maximum annual contribution limit is \$2,000 and a \$4 monthly maintenance fee is withdrawn from the HSA, the annual contribution limit is still \$2,000, not \$2,004.

## What happens if I change jobs and/or I move to a low-deductible plan?

### Can I still use my HSA?

Once money is deposited into your HSA, you can spend it on medical items; however, you are no longer able to contribute if you move to a non-QHDHP. If your new job offers a QHDHP, and you elect that plan, you can continue to use your HSA in the same manner. If your contribution has been made for the entire year, a portion of the monies may have to be withdrawn for the months you are not covered by a QHDHP to avoid the tax on excess HSA contributions.

## What happens to the money in my HSA if I die?

Upon death, Health Savings ownership may transfer to your beneficiary. If the beneficiary is a spouse, the account will continue as an HSA. Please refer to your Legal or Tax Advisor with questions.

## How can I get more general information about HSAs?

You may visit [www.irs.gov](http://www.irs.gov) or [www.firstmerit.com](http://www.firstmerit.com) for more information.

*The information contained herein is not intended to substitute for tax or legal advisor. Please contact your Legal or Tax Advisor for guidance relative to your needs or situation.*