HSA Frequently Asked Questions

Who Can Contribute to My HSA?

Contributions to HSAs can be made by an eligible individual, the individual's employer, the individual's family members, and any other person. Contributions made by the individual are deductible from the individual's adjusted gross income. Contributions made by the individual's employer are excluded from the individual's income and are not taxable to the individual. Contributions from all sources are aggregated for purposes of applying the maximum annual contribution limit described below.

How do you make contributions to an HSA?

Contributions to an HSA must be made in cash or its equivalent. As the custodian of your HSA, Gateway Bank will accept contributions by check or via the Automated Clearing House (ACH) Network. You must inform the bank if you are making a prior year contribution or correction or the transaction may not be recorded as intended.

How much can you contribute to an HSA?

The maximum annual contribution amount is the standard limit as shown below:

	Contribution Limit (Single)	Contribution Limit (Family)	Catch-Up Contribution (55 and older)
2019	$3,500	$7,000	$1,000

It may be reduced by any employer contributions to your HSA, any contributions made to your Archer MSA, and any qualified HSA funding distributions from your IRA to your HSA. Additionally, “catch-up” contributions are available for eligible individuals who are age 55 or older by the end of their taxable year and for any months individuals are not enrolled in Medicare.

Note: Any transfer from a checking, savings, or other type of deposit account is considered a regular contribution into your HSA and is applied to your maximum annual contribution limit.

Is there a deadline for contributions to an HSA for a taxable year?

Contributions for any taxable year can be made in one or more payments, at any time prior to the deadline, without extensions, for filing your federal income tax return for that year, but not before the beginning of that year. For calendar year taxpayers, this deadline for contributions is generally April 15 following the year for which the contributions are made.

Note: You must inform Gateway Bank if you intend to make a prior year contribution to ensure the transaction is reported correctly.

Is there a catch-up contribution?

Individuals age 55 plus may make annual catch up contributions of $1,000.

What is the tax treatment of an eligible individual HSA contribution?

Contributions to your HSA, up to the applicable maximum contribution, are deductible from your adjusted federal gross income, whether or not you itemize deductions.

What if my spouse who is also 55 wishes to make a catch up contribution?

Your spouse may make a catch up contribution as well. In accordance with IRS regulations, a separate HSA account would need to be created for your spouse. Please consult your tax advisor to review IRS regulations and requirements.

What is the tax treatment of employer contributions to an HSA?

Employer contributions to an employee's HSA are excludable from the employee's federal gross income, up to the maximum contribution limit for that employee. Although the employee cannot deduct the employer's HSA contributions, the contributions are not federally taxable to the employee nor are they subject to withholding from wages for federal income tax or other employment taxes. HSA contributions by employers are considered a type of benefit, and are therefore, tax-deductible for the employer.

What happens when HSA contributions exceed the maximum amount that may be deducted or excluded from gross income in a taxable year?

An "excess contribution" (a contribution made by you or your employer that exceeds the amount allowed by law) is not deductible by you or your employer and is included in your gross income if made on your behalf by your employer. An excise tax of 6% for each taxable year is imposed on excess individual and employer contributions.

If the excess contributions for a taxable year and the net income attributable to such excess contributions are paid or distributed to you before the deadline (without extensions) for filing your federal income tax return for the taxable year, then the net income from the excess contributions are included in your gross income for the taxable year in which the distribution is received. However, the excise tax would not be imposed on the excess contributions nor would the distribution of the excess contributions be taxed. Allowable rollover contributions do not count in determining whether an excess contribution has been made.

Are rollover contributions to HSAs permitted?

Rollover contributions from MSAs and other HSAs into an HSA are permitted. These rollover contributions to your HSA need not be in cash and are not subject to the annual contribution limits. Rollovers from an IRA are permitted once in a lifetime and cannot exceed the maximum contribution limits for that calendar year. Rollovers from a health reimbursement account ("HRA") or a health flexible spending account ("FSA") to your HSA are permitted and are in addition to the maximum contribution limits. There are strict IRS requirements and limitations that apply to FSA rollovers.

Does the Annual HSA Service Charge count toward the maximum annual contribution limit?

If such fees are paid directly to your HSA trustee or custodian by you or your employer, the fees are not considered contributions to your HSA and do not count toward the maximum annual contribution limit. If, instead, you authorize your HSA trustee or custodian to withdraw payment for such fees from your HSA, the amount withdrawn does not increase the maximum annual contribution limit. For example, if your maximum annual contribution limit is $3,000 and a $10 annual fee is withdrawn from your HSA, your annual contribution limit remains at $3,000. It does not increase to $3,010.

Will Gateway Bank provide tax advice in connection with your HSA?

Gateway Bank does not provide tax advice concerning your HSA. It is your sole responsibility to determine the tax consequences of establishing an HSA. Please discuss any questions you may have with your tax advisor.

How are HSA contributions treated for tax/payroll purposes?

HSA contributions can be made pretax unless you are dealing with an individual or an employer who does not have a Section 125 Plan or Premium only Plan document that allows these dollars to be deducted on a pretax basis. Even in the event that one of the situations above is the case an HSA accountholder can still make an HSA contribution post tax and then deduct it from their W2 at the end of the year.

HSA contributions are federally tax free.

Technically HSA contributions through a 125 cafeteria plan by salary reduction are treated as employer contributions - that is why they are excluded from income and wages. While most people consider salary reduction amounts as "employee contributions", technically, this is not the case - they are reported as employer contributions.

Salary reductions for health insurance are typically reported in box 12 - employees may need this information if State or local taxes do not exclude such amounts. Some employers may also include employer contributions to health insurance in box 12, so that employees know what they are receiving. It is the account holder responsibility to report all HSA contributions.

How is HSA Activity Reported to the IRS?

Each year, your HSA custodian/trustee reports to the IRS on IRS Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, the contributions made to your HSA and on IRS Form 1099-SA, Distributions From an HSA,Archer MSA, or Medicare Advantage MSA, for any HSA distributions you take. In addition, you file IRS Form 8889, Health Savings Accounts (HSAs), as part of your federal income tax return to show your HSA contribution and distribution activity.

How are Distributions Made by Check or Electronic Fund Transfer Treated for Reporting Purposes?

An HSA custodian/trustee will generally treat a distribution made by check, electronic bill pay or debit card as a normal distribution. Consult your HSA custodian/trustee to find out its specific policy regarding distributions made by check or electronic fund transfer.

What Happens to My HSA in the Event of My Death?

You may name a beneficiary to inherit your HSA assets after your death. Upon your death, your HSA is treated as follows:

Spouse Beneficiary

- Becomes the spouse's HSA as of the date of death
- Distributions used for the decedent's or survivor's (and survivor's dependents) qualified medical expenses are tax free

Non-spouse Beneficiary

- No longer an HSA as of the decedent's date of death
- Beneficiary is responsible for federal/state income tax on the fair market value as of the date of death
- Amounts used for the decedent's qualified medical expenses within one year of the date of death reduce the taxable amount

Estate Beneficiary

- No longer an HSA as of the decedent's date of death
- The fair market value of the HSA on the date of death is included in the HSA owner's gross income for his/her last taxable year