

FAST FACTS

ABOUT HSA ACCOUNTS

- Accounts are owned by the individual (not an employer). The individual decides:
 - Whether or not to contribute
 - Whether to pay for medical expenses from the account or save the account for future use
 - How much to use for medical expenses and which medical expenses to pay from the account
 - Which company will hold the account (HSA “Trustee” or “Custodian”)
 - What type of investments to grow account
- Employer cannot restrict what distributions from HSA are used for, or rollovers into the account
- HSA Custodian or Trustee can put reasonable limits on accessing the money in the account, including frequency and size of distributions
- Who can be an HSA Trustee or Custodian?
 - Banks, credit unions
 - Insurance companies
 - Other entities already approved by the IRS to be an IRA or Archer MSA trustee or custodian
- HSA trustee must report all distributions annually to the individual (Form 1099 SA).
 - Trustee not required to determine whether distributions are used for medical purposes; the individual does that.
 - Individual will report on annual tax return amount of distribution used for qualified medical expenses.
 - Account holders must file Form 8889 as part of their annual tax return.
- No “use it or lose it” rules like Flexible Spending Arrangements (FSAs)
 - All amounts in the HSA are fully vested
 - Unspent balances in accounts remain in the account and carry over year-to-year
- Accounts can grow through investment earnings, just like an IRA
 - Same investment options and investment limitations as IRAs
 - Same restrictions on self-dealing as with IRAs
- Rollovers from Archer MSAs and other HSAs permitted
 - Only one rollover per year is permitted
 - The rollover to new HSA must be completed within 60 days
- Direct trustee-to-trustee transfers of HSA amounts are not subject to the rollover restrictions
 - Thus, multiple trustee-to-trustee transfers are allowed in a single year
 - Both trustees must agree to do the transfer and they are not required to do so
- Direct rollovers from 401(k), 403(b) and 457 plans are not permitted