Directions
The first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario and use your training and resource materials to answer the questions.

HSA Scenario 1: Leo Williams

Interview Notes

- Leo Williams is single and 45 years old.
- Leo works as an IT manager and his Form W-2 shows wages of $47,250.
- Leo participated in his employer’s self-only coverage High Deductible Health Plan (HDHP) all year.
- Leo does not have any other health coverage.
- Leo has had an HSA for two years.
- Leo’s employer contributed $1,500 in 2019 to Leo’s HSA.
- In 2019, Leo’s aunt contributed $1,900 to Leo’s HSA.
- Leo is a U.S. citizen and has a valid Social Security number.

HSA Scenario 1: Test Questions

1. Is Leo an eligible individual for HSA purposes even though he did not make his own contributions?
   a. Yes
   b. No

2. What amount will Leo use to determine his HSA deduction?
   a. $0
   b. $1,500
   c. $1,900
   d. $3,400

3. Employer contributions to Leo’s HSA are reported on his Form W-2, box 12, code W.
   a. True
   b. False
HSA Scenario 2: Ed and Christine Martinez

Interview Notes

- Ed and Christine are married and will file a joint return.
- Ed is 47 years old, and Christine is 56 years old.
- Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2019.
- Ed and Christine each have an HSA.
- Both have contributed the maximum amounts to their HSAs in 2019.
- Ed and Christine are both U.S. citizens and have valid Social Security numbers.

HSA Scenario 2: Test Questions

4. The amount that can be contributed to an HSA depends on the following:
   a. Taxpayer’s age and type of HDHP coverage
   b. Date the taxpayer became eligible
   c. Date taxpayer ceases to be eligible
   d. All of the above

5. Ed and Christine are both eligible to make catch-up contributions to their individual HSAs.
   a. True
   b. False
HSA Scenario 3: Judy Young

Interview Notes

- Judy Young is 58 years old.
- Judy is single, is not disabled, and has no dependents.
- In 2019, she had earnings from her job of $24,300.
- Judy has participated in her employer’s self-only HDHP coverage since June 1, when she started a new job.
- Judy was an eligible individual all year.
- Judy asked the HSA trustee from her previous job to rollover the balance of $2,000 into the HSA at her new job.
- In 2019, Judy contributed $975 to her HSA.
- In 2019, Judy took distributions from her HSA to pay the following expenses:
  - Insulin: $275
  - Doctor visit: $185
  - Yoga classes: $480
  - Prescription medicine: $225
  - Premiums for COBRA coverage: $1,425
- Judy is a U.S. citizen and has a valid Social Security number.

HSA Scenario 3: Test Questions

6. The amount of Judy’s HSA contribution made in 2019 and reported on Form 8889, line 2 is $975.
   a. True
   b. False

7. The amount of total distributions reported on Form 8889, line 14a is:
   a. $685
   b. $1,165
   c. $2,110
   d. $2,590

8. What is the amount reported on Form 8889, line 15?
   a. $460
   b. $685
   c. $2,110
   d. $2,590
HSA Scenario 4: Carl and Monica Smith

Interview Notes

- Carl, age 46, and Monica, age 42, are married and will file a joint return.
- They have two children, Adriane and Robert, whom they will claim as dependents on their joint return.
- Monica’s cousin, Michael (age 29), came to live with them in July 2019. Michael pays more than half of his support and does not qualify as their dependent, but they paid $500 of Michael’s medical bills in November 2019.
- Carl was enrolled all year in an HDHP with family coverage.
- Carl has had an HSA for four years. He has no other health insurance.
- In 2019, Carl made regular contributions to his HSA totaling $4,000.
- In 2019, Carl took $1,800 from his HSA to pay the following expenses:
  - $300 to purchase Monica’s eyeglasses (needed for medical reasons).
  - $725 health club membership for Carl.
  - $250 for over-the-counter eye medicine for their son, Robert (no prescription from doctor).
  - $525 for Adriane’s physical therapy sessions.
- Carl, Monica, Adriane, Robert, and cousin Michael are all U.S. citizens and have valid Social Security numbers.

HSA Scenario 4: Test Questions

9. The adjustment to income on Form 1040 for Carl’s HSA deduction is:
   a. $1,800
   b. $3,400
   c. $4,000
   d. $6,750

10. Whose qualified medical expenses can Carl include for HSA purposes?
    a. Carl
    b. Adriane and Robert
    c. Carl, Monica, Adriane, and Robert
    d. Carl, Monica, Adriane, Robert, and Michael

11. On his Form 8889, Carl can include the $300 to purchase Monica’s eyeglasses as a qualifying medical expense for HSA purposes.
    a. True
    b. False
HSA Scenario 5: Peggy Walker

Directions
Use the interview notes, taxpayer documents, and reference materials needed for this scenario. Please complete Form 1040 through line 16, and the appropriate forms (including Form 8889), schedules, or worksheets. Answer the questions following the scenario.

Note: When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

Interview Notes

- Peggy Walker, age 48, is a single parent raising her son, Marcus.
- Marcus is a full-time student and had no income.
- Peggy qualifies to file as Head of Household.
- Peggy does not have enough deductions to itemize.
- For the last five years, Peggy has had family health coverage through a High Deductible Health Plan (HDHP) from her employer.
- Peggy has had an HSA for several years.
- In 2019, she contributed $1,500 to her HSA.
- Peggy’s grandmother helped her out and contributed $1,000 to her HSA in 2019.
- Peggy’s employer also contributed $600 to her HSA in 2019.
- Peggy paid the following expenses in 2019 using money from her HSA:
  - Urgent care bill for Peggy - $615
  - Prescription medicine for Peggy - $125
  - Insulin for Marcus - $140
  - Dancing lessons for Peggy - $200
  - Doctor visits for Marcus - $400
- Peggy and Marcus are U.S. citizens and have valid Social Security numbers.
**Intake/Interview & Quality Review Sheet**

**You will need:**
- Tax Information such as Forms W-2, 1099, 1098, 1095.
- Social security cards or ITIN letters for all persons on your tax return.
- Picture ID (such as valid driver’s license) for you and your spouse.

**Part I – Your Personal Information** (If you are filing a joint return, enter your names in the same order as last year’s return)

<table>
<thead>
<tr>
<th>1. Your first name</th>
<th>M.I.</th>
<th>Last name</th>
<th>Daytime telephone number</th>
<th>Are you a U.S. citizen?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEGGY</td>
<td></td>
<td>WALKER</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Your spouse’s first name</th>
<th>M.I.</th>
<th>Last name</th>
<th>Daytime telephone number</th>
<th>Is your spouse a U.S. citizen?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>M.I.</th>
<th>Last name</th>
<th>Apt #</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>65421 SW 17TH ST</td>
<td></td>
<td></td>
<td></td>
<td>YOUR CITY</td>
<td></td>
<td>YOUR ZIP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Mailing address</th>
<th>Apt #</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>65421 SW 17TH ST</td>
<td></td>
<td>YOUR CITY</td>
<td></td>
<td>YOUR ZIP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Your Date of Birth</th>
<th>6. Last year, were you:</th>
<th>5. Your job title</th>
<th>9. Last year, was your spouse:</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/20/1969</td>
<td>a. Full-time student</td>
<td>MANAGER</td>
<td>a. Full-time student</td>
</tr>
<tr>
<td></td>
<td>b. Totally and permanently disabled</td>
<td></td>
<td>b. Totally and permanently disabled</td>
</tr>
<tr>
<td></td>
<td>c. Legally blind</td>
<td></td>
<td>c. Legally blind</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Your spouse’s Date of Birth</th>
<th>9. Last year, was your spouse:</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/20/1969</td>
<td>a. Full-time student</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Can anyone claim you or your spouse as a dependent?</th>
<th>11. Have you, your spouse, or dependents been a victim of tax related identity theft or been issued an Identity Protection PIN?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Part II – Marital Status and Household Information**

**1. As of December 31, 2019, what was your marital status?**

- Married
- Divorced
- Legally Separated
- Widowed

**2. List the names below of:**

- *everyone* who lived with you last year (other than your spouse)
- *anyone* you supported but did not live with you last year

**Name (first, last) Do not enter your name or spouse’s name below**

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Relationship to you (for example: son, daughter, parent, none, etc.)</th>
<th>Number of months lived in your home</th>
<th>US Citizen (yes/no)</th>
<th>Resident of US, Canada, or Mexico last year (yes/no)</th>
<th>Single or Married as of 12/31/19 (S/M)</th>
<th>Full-time Student last year (yes/no)</th>
<th>Totally and Permanently Disabled (yes/no)</th>
<th>Is this person a qualifying child/relative of any other person? (yes/no)</th>
<th>Did this person provide more than 50% of this person’s support? (yes/no)</th>
<th>Did this person provide more than $4,200 of income? (yes/no)</th>
<th>Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)</th>
<th>Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARCUS WALKER</td>
<td>01/18/2007</td>
<td>SON</td>
<td>12</td>
<td>YES</td>
<td>YES</td>
<td>S</td>
<td>YES</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Check appropriate box for each question in each section

### Part III – Income – Last Year, Did You (or Your Spouse) Receive

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td></td>
<td></td>
<td>1. (B) Wages or Salary? (Form W-2)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>2. (A) Tip Income?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>3. (B) Scholarships? (Forms W-2, 1098-T)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>5. (B) Refund of state/local income taxes? (Form 1099-G)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>6. (B) Alimony income or separate maintenance payments?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>7. (A) Self-Employment income? (Form 1099-MISC, cash)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>8. (A) Cash/check payments for any work performed not reported on Forms W-2 or 1099?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>9. (A) Income (or loss) from the sale of Stocks, Bonds or Real Estate? (Including your home) (Forms 1099-S,1099-B)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>11. (A) Retirement income or payments from Pensions. Annuities, and or IRA? (Form 1099-R)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>12. (B) Unemployment Compensation? (Form 1099G)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>14. (M) Income (or loss) from Rental Property?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, Sch K-1, royalties, foreign income, etc.) <strong>Specify HSA</strong></td>
</tr>
</tbody>
</table>

### Part IV – Expenses – Last Year, Did You (or Your Spouse) Pay

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>1. (B) Alimony or separate maintenance payments?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>2. Contributions to a retirement account?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>3. (B) College or post secondary educational expenses for yourself, spouse or dependents? (Form 1098-T)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>4. (A) Any of the following Medical &amp; Dental (including insurance premiums) Mortgage Interest (Form 1098)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>5. (B) Child or dependent care expenses such as daycare?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>6. (B) For supplies used as an eligible educator such as a teacher, teacher’s aide, counselor, etc.?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>7. (A) Expenses related to self-employment income or any other income you received?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>8. (B) Student loan interest? (Form 1098-E)</td>
</tr>
</tbody>
</table>

### Part V – Life Events – Last Year, Did You (or Your Spouse)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>1. (HSA) Have a Health Savings Account? (Forms 5498-SA, 1099-SA, W-2 with code W in box 12)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>2. (A) Have credit card or mortgage debt cancelled/forgiven by a lender or have a home foreclosure? (Forms 1099-C, 1099-A)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>3. (A) Adopt a child?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>4. (B) Have Earned Income Credit, Child Tax Credit or American Opportunity Credit disallowed in a prior year?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>5. (A) Purchase and install energy-efficient home items? (such as windows, furnace, insulation, etc.)</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>6. (A) Receive the First Time Homebuyers Credit in 2009?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>7. (B) Make estimated tax payments or apply last year’s refund to this year’s tax?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>8. (A) File a federal return last year containing a “capital loss carryover” on Form 1040 Schedule D?</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>9. (A) Have health coverage through the Marketplace (Exchange)? <strong>[Provide Form 1095-A]</strong></td>
</tr>
</tbody>
</table>

Additional Information and Questions Related to the Preparation of Your Return

1. Provide an email address (optional) (this email address will not be used for contacts from the Internal Revenue Service)

2. Presidential Election Campaign Fund (If you check a box, your tax or refund will not change)
   - Check here if you, or your spouse if filing jointly, want $3 to go to this fund
     - ☐ You
     - ☐ Spouse

3. If you are due a refund, would you like:
   - ☐ Direct deposit
   - ☐ To purchase U.S. Savings Bonds
   - ☐ To split your refund between different accounts
     - ☐ Yes
     - ☐ No

4. If you have a balance due, would you like to make a payment directly from your bank account?
   - ☐ Yes
   - ☐ No

5. Live in an area that was declared a Federal disaster area? ☐ Yes
   - ☐ No
   - If yes, where?

6. Did you, or your spouse if filing jointly, receive a letter from the IRS?
   - ☐ Yes
   - ☐ No

Many free tax preparation sites operate by receiving grant money or other federal financial assistance. The data from the following questions may be used by this site to apply for these grants or to support continued receipt of financial funding. Your answer will be used only for statistical purposes. These questions are optional.

7. Would you say you can carry on a conversation in English, both understanding & speaking?
   - ☐ Very well
   - ☐ Well
   - ☐ Not well
   - ☐ Not at all
   - ☐ Prefer not to answer

8. Would you say you can read a newspaper or book in English?
   - ☐ Very well
   - ☐ Well
   - ☐ Not well
   - ☐ Not at all
   - ☐ Prefer not to answer

9. Do you or any member of your household have a disability?
   - ☐ Yes
   - ☐ No
   - ☐ Prefer not to answer

10. Are you or your spouse a Veteran from the U.S. Armed Forces?
    - ☐ Yes
    - ☐ No
    - ☐ Prefer not to answer

11. Your race?
    - ☐ American Indian or Alaska Native
    - ☐ Asian
    - ☐ Black or African American
    - ☐ Native Hawaiian or other Pacific Islander
    - ☐ White
    - ☐ Prefer not to answer

12. Your spouse’s race?
    - ☐ American Indian or Alaska Native
    - ☐ Asian
    - ☐ Black or African American
    - ☐ Native Hawaiian or other Pacific Islander
    - ☐ White
    - ☐ Prefer not to answer

13. Your ethnicity?
    - ☐ Hispanic or Latino
    - ☐ Not Hispanic or Latino
    - ☐ Prefer not to answer

14. Your spouse’s ethnicity?
    - ☐ Hispanic or Latino
    - ☐ Not Hispanic or Latino
    - ☐ Prefer not to answer

Additional comments

Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory. Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers. Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs. The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.
12. The amount of Peggy Walker’s HSA deduction on Form 8889, line 13 is $2,500.
   a. True
   b. False

13. How much of Peggy’s HSA distribution is taxable?
   a. $0
   b. $125
   c. $140
   d. $200

14. The amount of qualified medical expenses reported on Form 8889, line 15 is $________.

15. What is the amount of the additional 20% tax reported on Form 8889, line 17b?
   a. $0
   b. $40
   c. $108
   d. $188