

HSA Guide

Indications that a taxpayer has a Health Savings Account (HSA), include having any of the following documents:

1. W-2 with Code W in box 12
2. 5498-SA (which indicates that contributions were made to an HSA or MSA. Note: MSA or Medical Savings Accounts are out-of-scope)
3. 1099-SA (distribution from an HSA or MSA)

If contributions were made to an HSA by either the taxpayer or their employer, Form 8889 Health Savings Accounts (HSA) must be completed. If both the taxpayer and spouse each have an HSA, then Form 8889 must be completed for each individual.

Example James and Diana Calhoun (from Publication 4942, 2019):

- James and Diana Calhoun want to file a joint tax return.
- Diana is enrolled in an HDHP with family coverage. She has an HSA through her employer. As part of her benefit program, the employer contributed \$1,000 to her HSA during the year. In addition, Diana made a contribution of \$2,000.
- James and Diana have no other health insurance.
- Diana received a distribution from her HSA of \$1,900.
- James and Diana did not itemize last year and do not plan to itemize this year.
- Diana checked the unsure box on Part III, question covering other income on the intake and interview sheet, since she is not sure she has to include the HSA distribution in her income.
- Medical bills for James:
 - Over-the-counter medication (no prescription): \$400
 - Unreimbursed doctor bills: \$300
 - Unreimbursed expense for eyeglasses (needed for medical reasons): \$425
 - Unreimbursed prescription drugs: \$657
- Medical bills for Diana:
 - HDHP insurance premium: \$1,500
 - Unreimbursed doctor bills: \$195
 - Unreimbursed prescription drugs: \$128
 - Unreimbursed lab work (routine blood tests): \$250

Contributions – Taxpayer & Employer

Form 5498-SA

The Form 5498-SA is not directly entered into ProSeries. If you do type this form number into “Where Do I Enter”, you will get Form 8853 which is only for Archer MSA and Medicare Advantage MSA accounts, which are both out-of-scope. However, you will be using this information to determine the taxpayer’s contributions to the HSA and to complete the Form 8889.

- **Box 2** shows contributions that were made during the tax year.
- **Box 3** shows contributions made in the current year for the tax year.
- **Box 6 – Watch Out! Make sure that only the top box, “HSA” is checked. Anything else is Out-of-Scope.**

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Employee or self-employed person's Archer MSA contributions made in 2019 and 2020 for 2019 \$	OMB No. 1545-1518 2019 Form 5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information
		2 Total contributions made in 2019 \$		
TRUSTEE'S TIN	PARTICIPANT'S TIN	3 Total HSA or Archer MSA contributions made in 2020 for 2019 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.
PARTICIPANT'S name		4 Rollover contributions \$	5 Fair market value of HSA, Archer MSA, or MA MSA \$	
Street address (including apt. no.)		6 HSA <input checked="" type="checkbox"/> Archer MSA <input type="checkbox"/> MA <input type="checkbox"/> MSA <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code				
Account number (see instructions)				
Form 5498-SA		Cat. No. 38467V	www.irs.gov/Form5498SA	

Form W-2

Enter the information from a W-2 directly into the W-2 worksheet. Don't forget to enter the Code W. When Code W is selected, **Form 8889** is automatically created in ProSeries and will show up on the left side on your Forms bar.

22222		a Employee's social security number 312-XX-XXXX		OMB No. 1545-0008	
b Employer identification number (EIN) 32-12XXXXX		1 Wages, tips, other compensation 14,752.89		2 Federal income tax withheld 1,420.20	
c Employer's name, address, and ZIP code		3 Social security wages 14,752.89		4 Social security tax withheld 915.32	
		5 Medicare wages and tips 14,752.89		6 Medicare tax withheld 221.34	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff.		11 Nonqualified plans		12a W 1,000.00	
		13 Statutory employee Retirement plan Third party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
IL	32-12XXXXX	14,752.89	643.17		
				20 Locality name	

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2019

Department of the Treasury—Internal Revenue Service

On the Form 8889, in Part 1:

- On Line 2, enter the amount of taxpayer contributions to their HSA (do not include employer contributions or any employee contributions made through pre-tax dollars, those should both be included in the code W amount on the W-2 form and automatically carried over from the W-2 to Line 9)
- Check the box on Line 1 and in the Line 3 Smart Worksheet whether the taxpayer had a Self-Only or a Family Insurance plan

Form 8889-T: Health Savings Accounts (HSAs)		
Form 8889	Health Savings Accounts (HSAs) ▶ Attach to Form 1040 or Form 1040NR	2019
Name(s) shown on Form 1040 or Form 1040NR DIANA CALHOUN		SSN of HSA Beneficiary ***-**-1234
<p>If you (or your spouse, if married) acquired an interest in an HSA as the beneficiary of an account holder (other than a surviving spouse) who died, check this box. <input type="checkbox"/></p> <p>Before you begin: Complete Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, if required.</p>		
Part I HSA Contributions and Deduction.		
<p>See the instructions before completing this part. If you are filing jointly and both you and your spouse each have separate HSAs, complete a separate Part I for each spouse.</p> <p>QuickZoom to Form 8853 ▶ QuickZoom</p>		
<p>1 Check the box to indicate your coverage under a high-deductible health plan (HDHP) during 2019 (see instructions) <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>2 HSA contributions you made for 2019 (or those made on your behalf), including those made from January 1, 2020, through April 15, 2020, that were for 2019. Do not include employer contributions, contributions through a cafeteria plan, or rollovers (see instructions)</p>	2	<u>2,000.</u>

Form 8889-T: Health Savings Accounts (HSAs)		
Line 3 Smart Worksheet		
<p>A If you had the same coverage every month of the 2019, select the type of coverage here <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>Or, if coverage varied during 2019, select your coverage for each month below. Select Family for any month you had self-only coverage and your spouse had family coverage. Select None for any month you were covered by Medicare.</p>		
<p>1 January <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>2 February <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>3 March <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>4 April <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>5 May <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>6 June <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>7 July <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>8 August <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>9 September <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>10 October <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>11 November <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p> <p>12 December <input type="checkbox"/> None <input type="checkbox"/> Self-only <input checked="" type="checkbox"/> Family</p>	<u>6,900.</u>	<u>6,900.</u>
B Maximum allowable contribution. <i>Greater of: Sum of Lines A1 through A12 divided by 12, OR Line A12</i>		
<p>3 If you were under age 55 at the end of 2019, and on the first day of every month during 2019, you were, or were considered, an eligible individual with the same coverage, enter \$3,450 (\$6,900 for family coverage). All others, see the instructions for the amount to enter</p> <p>4 Enter the amount you and your employer contributed to your Archer MSAs for 2019 from Form 8853, lines 1 and 2. If you or your spouse had family coverage under an HDHP at any time during 2019, also include any amount contributed to your spouse's Archer MSAs</p> <p>5 Subtract line 4 from line 3. If zero or less, enter -0-</p>	3	<u>6,900.</u>
	4	<u>0.</u>
	5	<u>6,900.</u>

In this example, \$2000 (the taxpayer's after-tax contribution to the HSA plan) should also show up on line 12 of Schedule 1 of the 1040 as a deduction.

That is all that is necessary for HSA CONTRIBUTIONS.

Withdrawals (Gross Distribution)

For withdrawals from an HSA, taxpayer will receive a Form 1099-SA. The appropriate 1099SA worksheet should be accessed by typing "SA" into Forms.

- **Box 1** shows gross distributions that were made during the tax year
- **Box 5 – Watch Out! Make sure that only the top box, "HSA" is checked. Anything else is Out-of-Scope.**

TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number JACKSON BANK & TRUST 14907 SW GRAND STREET INDIANAPOLIS, IN 46205		OMB No. 1545-1517 2019 Form 1099-SA		Distributions From an HSA, Archer MSA, or Medicare Advantage MSA		
PAYER'S TIN 54-2XXXXXX	RECIPIENT'S TIN *****1234	1 Gross distribution \$ 1,900.00	2 Earnings on excess cont. \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.		
RECIPIENT'S name MR. HEALTHY PERSON		3 Distribution code 1	4 FMV on date of death \$			
Street address (including apt. no.) 4321 CHICAGO STREET		5 HSA <input checked="" type="checkbox"/> Archer MSA <input type="checkbox"/> MA <input type="checkbox"/> MSA <input type="checkbox"/>				
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, STATE, ZIP						
Account number (see instructions)						
Form 1099-SA		Cat. No. 38471D		www.irs.gov/Form1099SA Department of the Treasury - Internal Revenue Service		

In the appropriate 1099-SA worksheet in ProSeries, enter Gross Distribution and Distribution code, and mark appropriate Box 3, whether all or part of the distributions were used for qualified medical expenses. You have to review the taxpayer's expenses carefully to determine which are qualified. In this example the over-the-counter medication is not a qualified expense because there is no prescription for it. Also, the HDHP premiums are not a qualified expense. The other listed expenses are qualified medical expenses, and they total \$1,955, more than the amount of the distribution from the HSA account. The information from Form 1099-SA will automatically flow into Part 2 of Form 8889.

Note: Medical expenses paid by HSA distributions cannot also be included as itemized deductions; however, the Medical Worksheet automatically subtracts HSA distributions when determining allowable medical expenses.

Form 1099-SA (JACKSON BANK & TRUST)

Form 1040

Form 1099-SA Worksheet
Distributions from an HSA, Archer MSA
or Medicare Advantage MSA

2019

Name(s) Shown on Return
DIANA & JAMES CALHOUN

Social Security Number
*****-**-1234**

- QuickZoom to another Form 1099-SA Worksheet ▶ QuickZoom
- QuickZoom to Form 8853, p1 ▶ QuickZoom
- QuickZoom to Form 8889T ▶ QuickZoom
- QuickZoom to Form 8889S ▶ QuickZoom
- Worksheet Description **JACKSON BANK & TRUST**

Box	Description	Payer 1	Payer 2	Payer 3	Payer 4
	Check if this is Spouse's 1099-SA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Payer's name				
	Payer's name continued				
1	Gross distribution	1,900.			
2	Earnings on excess contributions				
3	Distribution code	1			
▶	Check if recipient was age 65 or older at time of distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>See Help for important information</i>				
▶	Full amount in box 1 was used to pay qualified medical expenses, tax free	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▶	Partial amount in box 1 used to pay qualified medical expenses, tax free				
▶	Amount in box 1 that was rolled over				
▶	Return of excess employer contribution not included in wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▶	Inherited from deceased spouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 ▶	FMV on date of death				
5	HSA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Archer MSA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▶	Medicare Advantage MSA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>