

When is the Contribution Deadline for Funding an HSA?

The deadline for regular and catch-up HSA contributions is your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15th.

How are HSA Distributions Taxed?

HSA distributions, used exclusively to pay for reimburse qualified medical expenses incurred by you, your spouse, or your dependents, are not included in gross income.

Any other distributions are included in income unless rolled over. Distributions, not used to pay for qualified medical expenses or not rolled over, are subject to an additional 10 percent tax unless made after your death, your disability, or your attainment of age 65.

Farmers State Bank is not required to determine whether HSA distributions are used for qualified medical expenses.

The qualified medical expenses must be incurred generally only after the HSA has been established.

How is HSA Activity Reported?

Each year, Farmers State Bank will report to the IRS the following IRS Form 5498-SA for the contributions made to your HSA and IRS Form 1099-SA 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.

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

Spouse Beneficiary

If your spouse is the beneficiary of your HSA, the HSA becomes his/her HSA.

Non-Spouse Beneficiary

If your beneficiary is not your spouse, the HSA ceases to be an HSA as of the date of your death. If your beneficiary is your estate, the fair market value of the HSA as of the date of your death is included as income on your final income tax return. For other beneficiaries, the fair market value of your HSA is included as income for the recipient in the tax year of your death.



This brochure provides general HSA rules and contribution limitations current as of January 1, 2013. It does not reflect any legislative or regulatory changes since then.

This brochure is intended to provide general information concerning only the federal tax laws governing HSAs. It is not intended to provide legal advice or to be detailed explanation of the rules or how such rules may apply to your individual circumstances or under your state tax laws.

Farmers State Bank does not claim to be a financial/tax planner for customers. We strongly recommend that you contact your tax advisor before making any decisions. All information provided above is intended as reference material for your decision making process. By providing this information, Farmers State Bank is not suggesting any course of action that is to be taken.



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Health Savings Accounts



What You Should Know

Tell me about Health Savings Accounts

What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt trust or custodial account established exclusively for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and/or your dependents.

Am I Eligible for an HSA?

You are eligible for a regular HSA contribution if, with respect to any month during the year, you:

- Are covered under a high-deductible health plan (HDHP);
- Are not also covered by any other health plan that is not an HDHP (with certain exceptions for plans providing preventative care and limited types of permitted insurance and permitted coverage);
- Are not enrolled in Medicare; and
- Cannot be claimed as a dependent on another person's tax return.

What is an HDHP?

An HDHP is a plan with an annual deductible no less than the amounts shown in the chart below:

HDHP Annual Deductible		
Tax Year	Self-Only Coverage	Family Coverage
2016	\$1,300	\$2,600
2017	\$1,300	\$2,600
2018	Subject to COLAs*	Subject to COLAs*

* Cost-of-Living Adjustments

Are There Other Requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses to no more than the amounts shown in the chart that follows.

Maximum Out-of-Pocket Expenses		
Tax Year	Self-Only Coverage	Family Coverage
2016	\$6,550	\$13,100
2017	\$6,550	\$13,100
2018	Subject to COLAs*	Subject to COLAs*

* Cost-of-Living Adjustments

What are an HSA Owner's Responsibilities?

If you are eligible, you can establish an HSA in much the same way you would establish an IRA—with a qualified trustee or custodian. Each year, you are responsible for determining your allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with nontaxable HSA distributions.



Determining your eligibility to establish an HSA and determining your allowable contributions and distributions may require the guidance of a tax or legal professional. Farmers State Bank is not responsible for the determination of your allowable HSA contributions or whether you have qualified medical expenses.

Who Can Contribute to My HSA?

If you meet the eligibility requirements for an HSA, you, your employer, your family members, and any other persons (including non-individuals) may contribute to your HSA. This is true whether you are self-employed or unemployed.

How Much Can I Contribute to My HSA?

The maximum annual contribution amount for a Self-Only coverage and Family coverage is listed below in the chart. Any funds not used can be used in subsequent years. Additionally, a “catch-up” contribution is available for eligible individuals who are ages 55 or older by the end of their taxable year and have not enrolled in Medicare. The chart that follows shows the contribution limits.

Contribution Limits			
Tax Year	Standard Limit		Additional Catch-up Contribution Amount
	Self-Only	Family	
2016	\$3,350	\$6,750	\$1,000
2017	\$3,400	\$6,750	\$1,000
2018	Subject to COLAs*	Subject to COLAs*	\$1,000

* Cost-of-Living Adjustments

What are the Federal Tax Benefits of an HSA?

Contributions to an HSA are fully deductible, the earnings grow tax deferred and distributions for qualified medical expenses are tax free. Consult with your tax or legal professional for guidance.

How Do I Claim the Federal Tax Deduction for My HSA Contribution?

You may deduct contributions made by anyone other than your employer as long as they do not exceed the maximum annual contribution amount.

