

Contributions & Distributions

HSA & Tax Return Implications

The time to file your taxes might be right around the corner or it could be months away, but there are some important items to keep in mind to make sure you are ready when it's your turn to file.

Reporting Contributions on Your Return

You can claim contributions you have made to your HSA account as an adjustment to income. You should receive a form (Form 5498) from the trustee of your HSA account (i.e. Wells Fargo, HSA Bank, etc.) showing the amount **you** contributed to your HSA during the year.

*However, if you've made those contributions on a **pre-tax basis** through cafeteria plan 125 payroll deductions, then those amounts have already been reduced on your reportable income; therefore you will not be able to claim such amounts – this would be considered a double-dip.*

Excess Contributions

You will have excess contributions if the contributions to your HSA for the year are greater than the following contribution limits:

2022	\$3,650 for self-coverage	\$7,300 for family coverage
2023	\$3,850 for self-coverage	\$7,750 for family coverage

If you are age 55 or older you may also contribute a catch up contributions of \$1,000.

Generally, you will pay a 6% excise tax on excess contributions. However, if either of the following applies you will either not pay any excise tax or reduce the amount you owe:

- You withdraw the excess contribution by the due date, including extensions, of your tax return for the year the contributions were made.
- You withdraw any income earned on the withdrawn contributions and include the earning in "Other Income" on your tax return for the year you withdrew the contributions and earnings.

- If you use a distribution from your HSA account for qualified medical expenses, ***you do not pay tax on the distribution***, but you **do** need to report the distribution on Form 8889. However, the distribution of an excess contribution taken out after the due date, including extensions, of your return is subject to tax even if used for qualified medical expenses.
- If you do not use a distribution from your HSA account for qualified medical expenses, ***you must pay tax on the distribution***. You will use Form 8889 to report such distributions.

Additional Tax

There is an additional 20% tax on the part of your distributions not used for qualified medical expenses. (***Exceptions: There is no additional tax on distributions made after the date you are disabled, reach age 65, or die.***)

As your benefits broker, we cannot offer tax counsel or advice. For more information please seek your tax advisor or visit www.irs.gov

Reporting Distributions on Your Return

How you report your distributions depends on whether or not you use the distribution for qualified medical expenses.