ADDITIONAL INFORMATION

Purpose. The Health Savings Account (HSA) Contribution Instructions form is used to document an HSA contribution transaction.

Additional Documents. Applicable law or policies of the HSA custodian/trustee may require additional documentation.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing this document. Your first reference should be the HSA agreement and disclosure statement you received upon establishing your HSA or amendments provided by the custodian/trustee. For more information, refer to Internal Revenue Code (IRC) Section 223, other relevant IRC sections, and all additional Internal Revenue Service (IRS) guidance; IRS publications that include information about HSAs; instructions to your federal income tax return; your local IRS office; or the IRS's web site at www.irs.gov.

Terms. A general understanding of the following terms may be helpful in completing your transactions.

Regular or Annual Contributions. In general, the maximum annual contribution is the contribution limit based on high deductible health plan (HDHP) coverage as shown in the following chart:

Tax Year	HDHP Coverage	Contribution Limit	Catch-Up Contribution Limit	Total Contribution Limit
2011	Self-Only	$3,050	$1,000	$4,050
	Family	$6,150	$1,000	$7,150
2012	Self-Only	$3,100	$1,000	$4,100
	Family	$6,250	$1,000	$7,250
2013 and later	Self-Only	$3,100*	$1,000	$4,100*
	Family	$6,250*	$1,000	$7,250*

*Subject to annual cost-of-living adjustments, if any.

Your maximum annual contribution is generally determined by adding together your monthly contribution limits for the year. Your monthly contribution limit is determined on the first day of each month that you are an eligible individual. A monthly contribution limit is 1/12 of the annual contribution limit based on your health plan coverage (self-only or family) for such month.

However, your maximum annual contribution may be a greater amount if you are an eligible individual on the first day of the last month (December 1 for calendar-year taxpayers). If so, you are treated as an eligible individual for all months of the tax year and you may contribute up to such tax year's annual contribution limit based on your HDHP coverage (self-only or family) on December 1 (for calendar-year taxpayers).

If your maximum contribution amount determined under this method is greater than your monthly-determined maximum, and you contribute the greater amount, a testing period applies. The testing period for this provision begins with the last month of the contribution year and ends on the last day of the 12th month following such month (December 31 for calendar-year taxpayers). If you do not continue to be an eligible individual for the entire testing period, unless you die or become disabled, the difference between your monthly-determined maximum and the amount you contributed is includable in your gross income for the year of failure and is subject to a 10 percent penalty tax. For example, if you are an eligible individual and enroll in self-only HDHP coverage on January 1 but change to family HDHP coverage on November 1 and retain family HDHP coverage through December 31 of the same year, you may be able to contribute up to the full annual contribution limit for family coverage (plus catch-up if you are eligible) because it is greater than the sum of the monthly contribution limits (10/12 of the self-only annual limit plus 2/12 of the family limit).

If you are an eligible individual, you may elect to take a qualified HSA funding distribution from your IRA (not including ongoing SEP and SIMPLE IRAs) to the extent such distribution is contributed to your HSA in a direct trustee-to-trustee transfer. This amount is aggregated with all other annual contributions and is subject to your annual contribution limit. The contribution is made for the tax year of the distribution. A qualified HSA funding distribution election is irrevocable and is generally available once in your lifetime. A testing period applies. The testing period for this provision begins with the month of the contribution to your HSA and ends on the last day of the 12th month following such month. If you are not an eligible individual for the entire testing period, unless you die or become disabled, the amount of the contribution made under this provision will be includable in gross income for the tax year of the month you are not an eligible individual, and is subject to a 10 percent penalty tax.

If you have more than one HSA, the aggregate annual contributions to all the HSAs are subject to the contribution limit. This limit is decreased by the aggregate contributions to an Archer Medical Savings Account (MSA). The same annual contribution limit applies whether the contributions are made by you, your employer, your family members, or any other person (including nonindividuals). Contributions may be made on your behalf even if you have no compensation or if the contributions exceed their compensation.

Catch-Up Contributions. Catch-up contributions are HSA contributions made in addition to any regular HSA contributions. You are eligible to make catch-up contributions if you meet the eligibility requirements for regular contributions and are age 55 or older by the end of your taxable year and not enrolled in Medicare. As with the annual contribution limit, the catch-up contribution is generally computed on a monthly basis. However, you may be eligible to contribute the entire catch-up contribution amount even if you are not an eligible individual for the entire tax year using the same first day of the last month eligibility rules and testing period applicable to the annual contribution limit.

Archer Medical Savings Account (MSA). An Archer MSA is a tax-favored savings account designed to help you pay for qualified medical expenses if you are an employee of a small employer or a self-employed individual participating in a high-deductible health plan. Archer MSA assets may be rolled over or transferred to an HSA.

Health Flexible Spending Account (FSA). A health FSA is an arrangement that allows employees to be reimbursed for medical expenses. Health FSAs are usually funded through voluntary salary reduction agreements with the employer. No employment or federal income taxes are deducted from contributions made to a health FSA. In general, balances in a health FSA at the end of a plan year cannot be carried over to the next year. For more information on health FSAs see IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans.*

Health Reimbursement Arrangement (HRA). An HRA is an arrangement similar to a health FSA; however, an HRA must be solely funded by an employer. The contribution cannot be paid through a voluntary salary reduction agreement on the part of an employee. Employees are reimbursed tax free for qualified medical expenses up to the maximum dollar amount for a coverage period. Balances in an HRA at the end of a plan year can generally be carried over to the next year. For more information on health HRAs see IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans.*