

IMPORTANT HSA TAX INFORMATION

As a health savings account (HSA) holder, you're required to include information about your HSA contributions and distributions on your tax return. The following information is provided as general guidance on how to handle HSA contributions and withdrawals as you complete your tax return*.

Things to Consider Before Filing

You may have additional deduction opportunities or potential tax liabilities in connection with your HSA. Before filing your 2011 return, ask yourself these questions.

Forms You'll Need

Form 8889

File Form 8889 with your tax return to report your HSA contributions and distributions.

Completing Form 8889 requires information from Form 1099-SA, which shows annual distributions, and was mailed to you by HealthEquity in late January, as well as:

- ▶ Your W-2 Form from your employer, if you or your employer make pretax contributions.
- ▶ Your annual and/or monthly statements from HealthEquity, if you make contributions other than pretax contributions through your employer—available through your member portal or mailed to you if you receive your monthly statements by mail rather than as e-statements.

Find Form 8889 at www.irs.gov/pub/irs-pdf/f8889.pdf and instructions at www.irs.gov/pub/irs-pdf/i8889.pdf.

Form 5498-SA

You'll receive Form 5498-SA from HealthEquity each May. It's for your information only. You don't need to file it with your tax return. The W-2 you receive from your employer in January should match Form 5498-SA unless you made contributions outside of your employer or between Jan. 1, 2012, and Apr. 17, 2012, for the 2011 tax year.

Form 1099-SA

You'll receive Form 1099-SA from HealthEquity to report total distributions from your HSA in 2011. Enter the distributions shown in Box 1 on Form 1099-SA on Line 14a on Form 8889.

If you feel the values reflected on a tax form are incorrect, please contact HealthEquity to review the information. HealthEquity can only make changes for six months after the close of the applicable tax year. Fees may apply.

Form W-2

Box 12 of your W-2 shows your HSA contributions made by pretax payroll deduction, if applicable, and by your employer (labeled "employer contributions" and marked with code "W").

Enter the amount from Box 12 on your W-2 on line 9 on Form 8889.

- ▶ If your HSA payroll deductions were taken pretax, they're considered "employer contributions" and shown in Box 12 on your W-2. You can't claim pretax payroll deductions as a deduction on line 13 on Form 8889.
- ▶ If you made any after-tax contributions to your HSA in 2011, enter this amount on line 2 on Form 8889. (Note, this amount won't appear on your W-2.) You may be able to claim a deduction for these contributions on line 13. See instructions for Form 8889 for more information.

Can I Still Contribute for 2011?

You can make contributions through Apr. 17, 2012, or the time you file your return, whichever comes first. Contribution limits for 2011 are \$3,050 for individuals and \$6,150 for families. If you're 55 or older, you can make an added \$1,000 "catch-up" contribution.

Make contributions on your member portal or mail a check payable to HealthEquity to HealthEquity, Inc., 15 W Scenic Pointe Dr, Ste 400, Draper, UT 84020. (Write your member ID and "2011 Contribution" on the memo line.)

What If I'm Over the Limit?

If you've contributed more than the contribution limit, you may be subject to a 6% IRS penalty and added tax liability. To avoid penalties and added taxes, submit an "HSA Excess Contribution Removal Form" (found at your portal under Forms & Docs) to HealthEquity before you file your return.

What If Some of My Expenses Aren't Qualified?

Withdrawals from your HSA for unqualified expenses are subject to taxes and a 20% penalty. See *IRS Publication 502—Medical and Dental Expenses* (www.irs.gov/publications/p502/index.html) for qualified expenses.

To avoid penalties or taxes, submit an "HSA Mistaken Distribution Form" (found on your member portal under Forms & Docs) with a check payable to HealthEquity for the amount of the distribution no later than Apr. 17, 2012. (Write your member ID and "2011 Redeposit" on the memo line.)