

HSA Questions and Answers

(HSA Q & A)

1. **What type of account can I use for my HSA with Community Bank?**

- We offer a statement savings or a certificate of deposit account currently for the HSA plan account itself.
- For easier access and record keeping, we also offer a companion checking account with a Visa Check card along with the HSA account.

2. **How do I decide which type of savings?**

- That depends on how often you think you will need to access your money.
 - A statement savings account allows you to withdraw money at any time.
 - A certificate of deposit is “locked up” for the period of time you choose (3 months, 6 months, 12 months for example).

3. **How many times can I transfer money or withdraw from my HSA savings account?**

- As often as you like, but after 4 telephone requests in any one month, the Bank may assess a fee.
- We urge you to plan your transfers so you do not need more than one a week on the average.

4. **How do I transfer money from my HSA savings to my companion checking account?**

- We will ask you to complete a distribution request form to cover your requests to transfer funds.
- You can then call us or visit the Bank and ask us to transfer money to your companion checking or we can issue you a check.
- **NEW!** You may complete an HSA Automatic Transfer Authorization to have funds transferred automatically from your HSA savings account to your HSA companion checking when needed.
- **NEW!** You may transfers funds through our 24 Hour Telephone Banking service or sign up for e-Banking and make transfers on the Internet.

5. **If I take money from my HSA savings account to pay bills, can I then add more the same year?**

- No. You cannot exceed the maximum annual contribution as determined by current IRS guidelines. Once that total is contributed, no additional funds can be added.

6. **Can I make prior year contributions to my HSA?**

- If you were covered by a qualifying High Deductible Health Plan (HDHP) the prior year, you have until April 15 to make contributions – just like an IRA.

7. **How does it work if both my employer and I make contributions to my HSA?**

- Both may make contributions up to the maximum annual contribution as determined by current IRS guidelines.
- Contributions should be deposited separately for easier record keeping.

8. **Can I make HSA contributions directly to my companion checking account?**

- No. You can only make contributions to your HSA savings or CD. Again, this is for accurate reporting to the IRS. It is like making contributions to an IRA, the money has to go into the appropriate account to be considered HSA funds.

9. **Why can't I use my Visa Check Card directly from my HSA savings account?**

- Federal law limits the number of electronic withdrawals from a savings account.
- For convenience, we offer the companion checking account which allows unlimited Visa Check Card transactions, thus avoiding regulatory issues.

10. **Can I use my companion checking for other bills?**

- Although that is entirely up to you, we offer the companion checking to help simplify record keeping and highly recommend that this account be kept only for qualified medical expenses.

11. **Can I invest my HSA contributions in any other type of investment at Community Bank?**

- If you wish to explore other options, please contact us as we have other investments through Community Bank of San Joaquin Trust and Investment Services.

12. **Do I have to take the money from my HSA before I pay for the medical expense?**

- No. You can handle this several ways.
 - You can wait until after your insurance has been billed, pay the medical supplier the remainder, and reimburse yourself at any time from your HSA.
 - You can pay for the medical service with “other” funds and reimburse yourself whenever you choose (when your CD matures, once a quarter, however you wish to handle this).
 - **NEW!** You can complete an HSA Automatic Transfer Authorization to have funds transfer from your HSA savings account to your HSA companion checking when needed.

*You need to be aware that any time money is taken from the **HSA savings account** the withdrawal is considered as a distribution of funds and is reportable to the IRS each year.*

13. **What if I have had money transferred from my HSA plan savings to my companion checking account and I don't use it before the end of the year?**

- By the end of the tax year, you need to be sure you have the receipts for the full amount you moved to the checking account to show the funds were used for qualified medical expenses.

14. **Can I transfer unused money in my companion checking account back to my HSA savings?**

- No. Once funds have been distributed from the HSA savings, they cannot be returned.

15. Do I have to use all the HSA funds the same year for qualified medical expense?

- No. Unlike flexible spending plans, you may keep the leftover funds from one year to the next. As long as the funds are kept in the HSA savings or CD and are used for qualified medical expenses, no tax liability will be incurred.

16. How do I know what are qualified medical expenses?

- Your policy will define these expenses. (See also www.hsafinder.com/qualifying_expenses.shtml or contact a qualified tax advisor.)

17. Do I have to show the Bank my receipts for the qualified medical expenses?

- No. You must retain your receipts for IRS purposes. As custodian of the HSA accounts, the Bank is not required to monitor how the funds are used.

18. Can I have my HSA accounts accessible on e-Banking?

- Yes. You can link your HSA statement savings and/or CD to view the activity.
- The companion checking account can also be linked for e-Banking so you can view checks online as well.
- **NEW!** Transfers from your HSA savings to another account are also allowed through e-Banking. (For more options, see question #4.)

19. What type of bank statements will I receive to show my HSA account information?

- You will receive monthly or quarterly statements for HSA savings and/or CDs. We can also combine the statements of these types of accounts with the companion checking statement, if you prefer.
- Just let us know which system works best for you.

20. What tax documents will I receive from the Bank each year?

- At the end of the year, you will receive an IRS Form 1099SA to show HSA distributions. An IRS Form 5498SA will be sent to you by May 31 of the following year to show all the contributions for the prior tax year.

21. What other records do I need to maintain?

- You need to keep your receipts for the qualified medical expenses you pay for. IRS will expect you to retain those receipts.

22. Do I have to do any other reporting of my HSA?

- The IRS has developed Form 8889 for Health Savings Accounts that requests information about your contributions and distributions.
- If your employer contributes to your HSA, your W-2 form will show the amount in Box 12, code W. This will trigger the need to use IRS Form 8889 when filing your tax return.

23. What steps can I take if I live within the Bank's service area but am unable to open my HSA savings or CD in person?

- Contact Community Bank by telephone at (209) 956-7000 to determine your allowable contribution amount and the best type of account to meet your needs. (See question #1.)
- Download and complete a "Participant and Beneficiary Information Form" from our web site at www.cbsjbank.com or ask Bank personnel to fax you a copy.
- Fax completed forms and a copy of your Driver License to (209) 956-7720.
- After the Bank has processed your request, you will receive a signature card and HSA agreement by postal mail to review, sign and return.
- Please contact us for details.

HSA

Health Savings Account

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