

ADDITIONAL INFORMATION

Purpose. The Health Savings Account (HSA) Distribution Form is designed to assist you in selecting an HSA distribution reason and method.

Additional Documents. Applicable law or policies of the HSA custodian/trustee may require additional documentation. A separate distribution form must be completed for each distribution reason.

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 your custodian/trustee. For more information, refer to Internal Revenue Code (IRC) Section 223 and all additional Internal Revenue Service (IRS) guidance, IRS publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*, 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.

Death. Upon your death, your HSA becomes the HSA of your spouse as of the date of your death, if he/she is the beneficiary. We may require your spouse to transfer the assets to an HSA of his/her own. Your spouse is subject to income tax only to the extent distributions from the inherited HSA are not used for qualified medical expenses.

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 your HSA as of the date of your death is taxable on your final return. For other beneficiaries, the fair market value of your HSA is taxable to them in the tax year that includes such date. For such a person (except your estate), this amount is reduced by any payments from the HSA made for your qualified medical expenses, if paid within one year after your death.

Your beneficiary(ies) should be prepared to provide a death certificate and identification to the custodian/trustee. A representative of your estate should be prepared to also provide copies of appropriate documentation, such as a letter of appointment, for your state of residence.

Disability. A distribution for disability can avoid the additional 10 percent tax if you are younger than age 65 and are disabled. The custodian/trustee may request a copy of a physician's certificate that states you meet the definition of disability under IRC Section 72(m)(7).

Excess Contribution. An excess contribution occurs when the contribution amount exceeds allowable limits or when an individual or nonindividual makes an ineligible contribution. Removing an excess contribution, plus attributable earnings, by your tax-filing due date, including extensions, avoids a 6 percent excise tax.

Fair Market Value. The most recent regularly determined value of the HSA assets determined as of a date that coincides with or precedes the date of your death.

Normal. Normal distributions include distributions for qualified medical expenses and all other distributions except the following: disability, death, transfer, prohibited transaction, and correction of excess contribution.

Qualified medical expenses are expenses paid by you, your spouse, or your dependents for medical care as defined in section 213(d) (including nonprescription drugs as described in Revenue Ruling 2003-102, 2003-38 I.R.B. 559), but only to the extent the expenses are not covered by insurance or otherwise. The qualified medical expenses must be incurred only after the HSA has been established.

Transfer. A transfer is the nonreportable movement of assets between HSAs.

HSA-to-HSA Rollovers. You are limited to one rollover per 1-year (12-month) period. You may only roll over one HSA distribution per 1-year period aggregated between all of your HSAs. For example, if you have HSA 1, HSA 2, and HSA 3, and take a distribution from HSA 1 and roll it over into a new HSA 4, you will have to wait 1 year from the date of that distribution to take another distribution from any of your HSAs and subsequently roll it over into an HSA.

Recipient Information. The Recipient Information section must be completed for a distribution made to satisfy an IRS levy, a death distribution, a transfer to another HSA, a transfer to a former spouse's HSA due to divorce or legal separation, or a transfer to a spouse's HSA due to death. Provide complete information regarding the individual or entity receiving the assets.