

HSA Checklist

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Want to sign up for an HSA? Have an HSA and want to start using it? Here's what you will need.

Make your decision

- Review eligibility rules, and make sure you meet them. HSAs are subject to strict Federal requirements.
- Begin to prioritize your expenses, keeping in mind your anticipated costs and elective expenses.
- Review the list of qualified HSA expenses to make sure the goods and services you intend to purchase will be covered by the HSA. Do this before you set up the account, to make sure the HSA is right for you.
- Check the rules on contributions, and learn how much your employer's contribution will be. This way, you will know how much you can contribute.

Sign up for an HSA

- First, you must enroll in a high deductible medical plan (also called an HDHP). You will enroll either in employee or family coverage.
- Then, open your HSA. Your employer may already be working with a financial institution that will make it easier for you to open an account.
- Select your investment options. You will be given a choice.
- If you would like a debit card or special checks—plus an additional one for your spouse—sign up for one. This is typically an option for many HSAs, is convenient and helps with recordkeeping.
- Map your projected expenses. Start by looking at your previous year's unreimbursed expenses and then factor in any changes that might either reduce or increase those costs.
- Begin to shop around for care. Now that you'll have cash in an account—to spend at your discretion—you'll want to look for providers and services that offer the best value for the money.

Using your HSA for the first time

- If you have a debit card or special checking account, use it at your doctor's office, pharmacy, imaging center, etc. to access your HSA funds. Not only is it convenient, but it will also help you keep track of your expenses.
 - In any case, always keep your bill or Explanation of Benefits (EOB) to substantiate your expenses.
 - If you don't have a debit card or special checks, you will have to file for reimbursement. Remember, your HSA administrator does not have to approve your claim, just pay it.
 - Continue to shop around for the most cost-effective services, and for the services that are most important to you and your family.
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During the year

- Keep your records and track your expenses. For tax purposes, you need to be able to substantiate that:
 - the distributions were only made to pay or reimburse qualified medical expenses;
 - those expenses were not previously paid or reimbursed from another source; and
 - those expenses had not been taken as an itemized deduction, in any year.

Keep this with your tax records; you need not submit this with your tax return.
 - Check your account statements to see how your investments are performing, and how much interest you are accruing.
 - Review your year-end balance and compare with the year's expenses. Use this to help plan your spending in the coming year. Do you want to, or can you, contribute more (while staying within the annual limit)?
 - If you have money left at the end of the year, you can use it to start building up a reserve for future expenses.
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Special Circumstances

- Are you leaving your job? You get to keep your HSA, it is portable and remains with you.
 - You can use your HSA to pay for expenses that are not medical in nature. You will, however, be required to pay ordinary income tax on those withdrawals. If you are under age 65, you will also have to pay a penalty tax on the withdrawal.
 - Once you are enrolled in Medicare, you can no longer contribute to your HSA. However, as long as you are not enrolled, you can continue to make your contributions.
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