

# Get ready for tax time

Be in the know about HSA tax forms

A health savings account (HSA) is a smart way to save for qualified medical expenses you'll have this year and in the future. **That's because it offers several tax advantages:**

- Your contributions are pre-tax through payroll deduction or tax-deductible when made directly by you.
- Earnings grow income tax-free.
- You can make income tax-free withdrawals for qualified medical expenses.

To maximize your tax savings, consider the following tips, and be sure to consult your own legal, financial or tax advisor for more information.



## Know your tax forms

There are three IRS forms you should be familiar with if you have an HSA.

| Form name               | What it's for   | How to get it  |
|-------------------------|---|--|
| <b>IRS Form 8889</b>    | File with IRS form 1040 of your federal income tax return to report your total HSA contributions and distributions for the tax year | Sign in to your account.   |
| <b>IRS Form 1099-SA</b> | Shows the total distributions that were made from your HSA during the year  | If you had any distributions, Optum Financial will send you this form in January.  |
| <b>IRS Form 5498-SA</b> | Reports the total contributions made to your HSA for the tax year   | Optum Financial will submit this form directly to the IRS, as required by law, and it is typically available at the end of January. If you make additional contributions for the tax year, which is allowed up until the tax filing deadline (typically April 15), you will receive a second form. These forms are also available online when you sign in to your account at <a href="https://www.optumfinancial.com">optumfinancial.com</a> . |



## State taxes

Contributions, account earnings/interest and distributions for qualified medical expenses are exempt from federal tax. While most states also exempt HSAs from taxes, it's important to know your state's rules. California and New Jersey consider both contributions and account earnings/interest taxable. New Hampshire may require account holders to pay state tax on HSA earnings/interest. As these guidelines can change, it's important to consult your tax or financial advisor for more information.



## Qualified medical expenses

Your HSA covers lots of qualified everyday health care items. Check out all you can buy at [optumfinancial.com/qualifiedexpenses](https://optumfinancial.com/qualifiedexpenses). Be sure to always save your receipts. You can easily upload them to your account for safekeeping.

Any HSA funds used for nonqualified items should be included as taxable income. If you are younger than 65, they will be subject to a 20% tax penalty.



## Correcting withdrawal errors

If you mistakenly use your HSA for a nonqualified expense, you can return the funds to your HSA to avoid the penalty. Visit [optumfinancial.com](https://optumfinancial.com), sign in to your account and download the Return of Contribution in Error form. Optum Financial must receive the completed form by April 15 for any withdrawals made in error during the tax year.



### Reminder:

You have until the tax filing deadline, typically April 15, to maximize your contributions for the previous tax year.

When you save the full amount allowed by the IRS, you're getting the biggest tax savings possible. Saving more today can also mean you have money available in the future – including in retirement.



**Visit [optumfinancial.com](https://optumfinancial.com) to access your tax documents online and to learn more.**

**Optum** Financial®

Health savings accounts (HSAs) are individual accounts offered through Optum Bank®, Member FDIC, or ConnectYourCare, LLC, an IRS-Designated Non-Bank Custodian of HSAs, each a subsidiary of Optum Financial, Inc. Neither Optum Financial, Inc. nor ConnectYourCare, LLC is a bank or an FDIC-insured institution.

HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal or tax advice. Federal and state laws and regulations are subject to change.

© 2023 Optum, Inc. All rights reserved. WF8196458 137052B-112022