**2210.14: Health Savings Accounts**

**Model Content Revised Date: 1/3/2024**

[[CUname]] (Credit Union) members may open Health Savings Accounts (HSAs) subject to the following guidelines. Health Savings Accounts are tax exempt trusts or custodial accounts established for paying qualified medical expenses of the account beneficiary on a tax-free basis.

**Guidelines:**

1. **QUALIFICATIONS**. In order to open an HSA, the Credit Union will inquire into whether the following qualifications are met (though the Credit Union is **not** required to verify any of this information):  
   1. The member must be under the age of 65.
   2. The member must have a “qualified health plan” (plans generally referred to as high-deductible health plans).
   3. The member may **not** be claimed as a dependent on anyone else’ tax return.
   4. The member cannot have other health insurance at the same time (except specific injury and accident, disability, long term, dental and vision).
   5. The account must be individually owned (though contributions may be used for family purposes).
   6. Contributions must be no more than $4,150 in 2024 for an individual health plan or $8,300 in 2024 for a family health plan. These figures may be adjusted annually, based on cost-of-living increases. Members over the age of 55 may make an additional “catch-up” contribution of $1,000.
   7. The funds must be invested in vehicles approved for IRAs. They may **not** be invested in life insurance contracts or most tangible property.
   8. The funds in the account must be used specifically for medical expenses. Members over the age of 65 may withdraw the funds for any reason.
   9. The member may **not** be enrolled in Medicare.
2. **TYPES OF ACCOUNTS**. The Credit Union will permit the following types of HSA accounts:  
      
   [[2214-1]]
3. **INVESTMENT OPTIONS**. The Credit Union offers the following investment options for HSAs:  
   [[2214-2]]
4. **ADMINISTRATION**. The Credit Union may charge reasonable administration fees. The Credit Union [[2214-3]] charge a per transaction administrative fee.
5. **CONTRIBUTIONS**. Anyone may contribute to an eligible member’s HSA. All contributions will be applied toward the total amount that the member is eligible to contribute. Contributions are not taxable to the member.  
   1. **Rollovers**.  
      1. Any unused portion may “rollover” in the account to the next year, without affecting the new or current year’s contribution limits.
      2. The member may make one rollover per year. Deposits must be made within 60 days in order for the transfer to be considered a rollover.
   2. **Transfers**. Unlimited rollovers are permitted if transferred by the Credit Union as the HSA trustee.
6. **CREDIT UNION RESPONSIBILITIES**. The Credit Union will ensure that it carries out the following responsibilities:  
   1. Ensuring that contributions do not exceed the maximum individual, family and/or catch-up amount(s).
   2. Reporting contributions to the Internal Revenue Service (IRS) on Form 5498-SA.
   3. Reporting distributions to the IRS on Form 1099-SA.
7. **LOSS OF ELIGIBILITY**. Members may keep their HSAs once they become ineligible. However, contributions may **not** be made until they become eligible once again.
8. **DEATH OF HSA OWNER**. Upon the death of the HSA account owner, the following apply:  
   1. **Spouse is Designated Beneficiary**. When the spouse of the deceased member is the designated beneficiary of the HSA account, the balance transfers to the surviving spouse tax free.
   2. **Person Other than the Spouse is Designated Beneficiary**. When someone other than the spouse is the designated beneficiary of the HSA account, the HSA is terminated as of the date of death, and the fair market value of the account becomes taxable income to that individual (reduced by qualified expenses).
   3. **No Designated Beneficiary**. When an HSA account has no designated beneficiary, the account becomes a part of the member’s estate (reduced by qualified expenses).