

# STERLING GUIDE TO TAX RELATED HSA QUESTIONS

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Sterling provides the following information to help guide you in preparation of your tax return as it pertains to your HSA account with us. It is important to remember, however, that Sterling does not give tax advice, so please consider these as informed guidelines. Specific tax questions should be referred to your CPA or tax preparer.

The following outlines various tax documents that you may receive and the purpose of each, especially regarding information on your HSA:

**FORM W-2** is a form that employers file with the IRS to report on wages and benefits given to employees. All employer contributions to an employee's HSA account are recorded on form W-2 in Box 12, code W. Please note that an employee's contributions through a POP or cafeteria plan are also reported by the employer on form W-2 in Box 12, code W.

For employees residing in California, New Jersey, and Alabama, note that Form W-2 should also reflect HSA contributions in the box designating wages for state income purposes. These states do not recognize HSA accounts as tax-advantaged accounts.

**FORM 5498-SA** is a form that Sterling generates for our accountholders in January of every year. It reports contributions made to the HSA regardless of who made them. Accountholders who have registered their account online can login and download the form starting in January. We send an electronic version of this form to the IRS. You are allowed to make HSA contributions for the prior tax year up to April 15. If you do, we'll reissue Form 5498-SA by no later than May 31. Unless you tell us differently, contributions received after January 1 in the new tax year will be posted to your account as contributions for that new year. If you intend the contributions for the prior tax year, be sure to note that online (the pull down menu allows for "prior year" contributions) or write it on your check.

**FORM 1099-SA** is a form that Sterling generates for our accountholders in January of every year. It reports disbursements from the HSA. Accountholders who have registered their account online can login and download the form starting in January. Form 1099-SA tells the IRS what amounts were spent from your HSA account and whether any of those dollars were used for "nonqualified" expenses. Sterling also sends the IRS an electronic version of Form 1099-SA. We will report to the IRS that distributions were for qualified medical expenses except in those instances where we had knowledge of an unqualified distribution or if the account was closed. If your records indicate to the contrary, please let us know to correct our files.

**FORM 8889** is a form that the taxpayer must complete and send to the IRS along with their 1040 tax return. The form should reflect contributions (deposits) and distributions (payments) to/from the HSA account. Our accountholders can use their year-end statement from Sterling to complete this form, unless they plan to make additional contributions before April 15 of the tax-filing year.

If additional contributions are made, the accountholder will need to include that information as well. In addition to the information included in the documents detailed above, Sterling accountholders may also be able to deduct the fees paid to Sterling from their tax return. This depends upon the taxpayer's financial situation and your tax preparer should be consulted.

If you have questions about the tax information you receive from Sterling, please contact Customer Service at [customer.service@sterlingadministration.com](mailto:customer.service@sterlingadministration.com) or by calling 800-617-4729. Refer questions about your specific tax status and tax return preparation to your tax advisor. We cannot assist with this information.