

# REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION  
1775 DUKE STREET, ALEXANDRIA, VA 22314

**DATE:** November 2004

**NO.:** 04-RA-13

**TO:** All Federal Credit Unions

**SUBJECT:** Health Savings Accounts

Dear Board of Directors:

The purpose of this regulatory alert is to inform credit union officials about the availability of final forms that may be used to establish and administer health savings accounts (HSAs) for members.

The NCUA Board approved a final rule at its July 2004 meeting authorizing federal credit unions to offer HSAs to their members. HSAs are tax-advantaged savings accounts members may use to pay some medical expenses not covered by health insurance. Based on amendments to the Medicare law signed last year by President Bush, anyone who has a qualifying high deductible health plan is eligible to establish and maintain an HSA. A health plan with a minimum deductible of at least \$1,000 (for individual coverage) or \$2,000 for family coverage may qualify under HSA rules even where certain preventive care services, as well as coverage for accidents, disability, dental care, vision care, and long-term care, are not subject to a deductible. At the time NCUA adopted the final rule, the Internal Revenue Service (IRS) had not yet issued final custodial and trust account forms depository institutions can use to establish HSAs. The final forms are now available from the IRS Web Site <http://www.IRS.gov>. Available forms are:

- IRS Form 5305-C – for use where the credit union fulfills the role of custodian;
- IRS Form 5305-B – for use where the credit union fulfills the role of trustee;
- IRS Form 1099-SA – for use to document rollovers or distributions from an HSA; and
- IRS Form 5498-SA – for use to document contributions to an HSA.

Each of these forms includes instructions for its use. Additional information about HSAs can be found at the U. S. Treasury Department's web site <http://www.ustreas.gov>. Questions about HSAs may also be emailed to: [HSInfo@do.treas.gov](mailto:HSInfo@do.treas.gov).

Should you have any questions about HSAs, please do not hesitate to contact your NCUA Regional Office.

Sincerely,

/S/

JoAnn Johnson  
Chairman