



# Rules And Conditions Applicable to Withdrawals

**GENERAL INFORMATION** You must supply all requested information so the Trustee or Custodian can do the proper tax reporting. You may not request a distribution on behalf of another beneficiary.

**DISTRIBUTION REASON** **Transfer**  
A transfer may be made by an HSA Owner. No IRS reporting is required for a transfer.

**Normal**

Distributions for any reason other than removal of an excess contribution, death, disability or a prohibited transaction are deemed Normal Distributions. Normal Distributions received for payment of a qualified medical expense are excludable from your gross income. Distributions which are not used to pay qualified medical expenses will be includable in your gross income and may be subject to an additional penalty tax. A normal distribution is reported to the IRS on Form 1099-SA using Code 1. Also use Code 1 if no other code applies to the distribution.

**Excess Contribution Removal**

If you have made an excess contribution to your HSA, you must generally take the appropriate steps to remove the contribution. Depending on when you take the necessary corrective action, you may have to pay the IRS additional taxes and penalties. A removal of an excess contribution is reported to the IRS on Form 1099-SA using Code 2.

**Disability**

If you are requesting a distribution due to disability (see IRC Section 72(m)(7)) you may be required to furnish proof, in a form acceptable to the Trustee or Custodian verifying your entitlement to receive the distribution. Disability distributions may be subject to ordinary income tax. A disability distribution is reported to the IRS on Form 1099-SA using Code 3.

**Death**

If you are requesting a distribution as a beneficiary, you may be required to furnish proof, in a form acceptable to the Trustee or Custodian, verifying your entitlement to receive the distribution. Death distributions to non-spouse beneficiaries are generally included in ordinary income.

A death distribution is reported to the IRS on Form 1099-SA according to the following:

- If the financial organization is notified of death and the distribution is made to the beneficiary in the year of death, Code 4 is used to report the distribution.
- If the financial organization is notified of death and the distribution is made to the beneficiary in the year following the year of death, Code 1 is used if the beneficiary is the spouse, Code 4 is used if the beneficiary is the estate, and Code 6 is used if the beneficiary is not the spouse or estate.

**Prohibited Transaction**

If you have performed a prohibited transaction as defined in IRC Sec. 4975(c), you may be subject to an IRS penalty. If the prohibited transaction is not timely corrected, an additional penalty may be imposed. A prohibited transaction is reported to the IRS on Form 1099-SA using Code 5.

**SIGNATURES** Your signature is required to certify that the information you have provided is true and correct and that you are aware of all the circumstances affecting this HSA withdrawal.