



2011 Health Savings Accounts (HSAs) – Test Questions

Test Answer Sheet

Name _____

Instructions: Volunteers with an Intermediate certification or higher may proceed to a certification for Health Savings Accounts (HSA). HSA is an optional specialty training and certification test available on Link & Learn Taxes. Volunteers must achieve a minimum of 80% to be certified.

CAUTION: The Test scenarios are provided electronically in a PDF format for information purposes only. The questions on the online test may be either from the test or retest. Students should read each question on the online test very carefully before answering.

Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

Question Answer

HSA Scenario 1

1.	
2.	
3.	

HSA Scenario 2

4.	
5.	

HSA Scenario 3

6.	
7.	
8.	

HSA Scenario 4

9.	
10.	
11.	

HSA Scenario 5

12.	
13.	
14.	
15.	

Total Answers Correct: _____

Total Questions: 15

Passing Score: 12 of 15

Directions

The first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after each scenario.

HSA Scenario 1: Jason Grant

Interview Notes

- Jason Grant is single and 46 years old.
- Jason works as an office manager and his Form W-2 shows wages of \$48,000.
- Jason participated in his employer's self-only coverage High Deductible Health Plan (HDHP) all year.
- Jason does not have any other health coverage.
- Jason has had an HSA for three years.
- Jason's employer contributed \$1,000 in 2011 to his HSA.
- In 2011, Jason contributed \$1,500 to his HSA.
- Jason is a U.S. citizen and has a valid social security number.

HSA Scenario 1: Test Questions

1. Jason is an eligible individual for HSA purposes because:
 - a. He cannot be claimed as a dependent on someone else's return.
 - b. He has an HDHP and is not on Medicare.
 - c. He does not have any other health coverage.
 - d. All the above.
2. How much can Jason take as an HSA deduction on Form 1040?
 - a. \$0
 - b. \$1,000
 - c. \$1,500
 - d. \$2,500
3. As a volunteer, where would you find the employer contributions made to Jason's HSA?
 - a. Form 1099-SA
 - b. Form W-2, box 12, code W
 - c. Form 1099-MISC, box 3
 - d. No form is required; the employee needs to keep records

HSA Scenario 2: Sidney and Mary Allen

Interview Notes

- Sidney and Mary Allen are married and will file a joint return.
- Sidney is 60 years old, and Mary is 53 years old.
- Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2011.
- Sidney and Mary each have an HSA.
- Both have contributed the maximum amounts to their HSAs in 2011.
- Sidney and Mary are both U.S. citizens and have valid social security numbers.

HSA Scenario 2: Test Questions

4. What is the maximum amount of contributions to their HSAs?
 - a. Sidney – \$3,050; Mary – \$3,050
 - b. Sidney – \$4,050; Mary – \$3,050
 - c. \$6,150
 - d. \$11,900
5. Sidney and Mary will each need to complete a separate Form 8889 when filing their joint return.
 - a. True
 - b. False

HSA Scenario 3: Penny Cook

Interview Notes

- Penny Cook is 35 years old.
- Penny is single and has no dependents.
- In 2011, she had earnings from her job of \$43,000.
- Penny has participated in her employer's self-only HDHP coverage all year.
- Penny has had an HSA for the past three years, including all of 2011.
- Penny contributed the maximum amount allowed to her HSA in 2011.
- In 2011, Penny took funds from her HSA to pay the following expenses:
 - Eyeglasses (needed for medical reasons)—\$250
 - Over-the-counter medication for a skin condition (no prescription from a doctor)—\$120
 - Co-payments for doctor office visits—\$80
 - Dental checkup—\$75
 - Swimming lessons—\$112
- Penny is a U.S. citizen and has a valid social security number.

HSA Scenario 3: Test Questions

6. What is the amount of Penny's HSA contribution reported on Form 8889, line 2?
 - a. \$3,000
 - b. \$3,050
 - c. \$5,950
 - d. \$6,150

7. What is the amount of **total** distributions reported on Form 8889, line 14a?
 - a. \$515
 - b. \$525
 - c. \$562
 - d. \$637

8. What is the amount of unreimbursed qualified medical expenses reported on Form 8889, line 15?
 - a. \$405
 - b. \$517
 - c. \$525
 - d. \$637

HSA Scenario 4: Charles and Hazel Rowan

Interview Notes

- Charles, age 42, and Hazel, age 40, are married and will file a joint return.
- They have two children, Jessica and Robert, whom they will claim as dependents on their joint return.
- Hazel's cousin, George (age 30), came to live with them in August 2011. George's gross income was \$4,000. Hazel and Charles did not provide over one-half of George's support for the year but did pay \$500 of George's medical bills in October 2011.
- Charles was enrolled all of 2011 in an HDHP with family coverage.
- Charles has had an HSA for five years.
- In 2011, Charles made regular contributions to his HSA totaling \$2,500.
- In 2011, Charles took funds from his HSA to pay numerous medical expenses including:
 - \$100 for over-the-counter allergy medicine for their daughter, Jessica (no prescription from doctor)
 - \$200 in co-payments for office visits to the pediatrician for Jessica and Robert
 - \$150 to purchase Hazel's contact lenses (needed for medical reasons)
 - \$1,000 for long-term care insurance for Charles
- Charles, Hazel, Jessica, Robert, and cousin George are all U.S. citizens and have valid social security numbers.

HSA Scenario 4: Test Questions

9. The amount of Charles' HSA deduction on Form 1040 is:
 - a. \$1,500
 - b. \$2,500
 - c. \$3,050
 - d. \$6,150
10. For HSA purposes, Charles can include qualified medical expenses for which of the following people?
 - a. Charles and Hazel
 - b. Jessica and Robert
 - c. Charles, Hazel, Jessica, and Robert
 - d. Charles, Hazel, Jessica, Robert, and George

11. On his 2011 Form 8889, Charles can include the \$100 paid for Jessica's nonprescription allergy medicine as a qualifying medical expense for HSA purposes.
- a. True
 - b. False

HSA Scenario 5: Thomas Franklin

Taxpayer Documents

- Social security cards for Thomas Franklin and James Franklin
- Completed intake and interview sheet
- Form W-2 for Thomas Franklin
- Form 1099-SA, Distributions from an HSA, Archer MSA, or Medicare Advantage MSA

Interview Notes

- Thomas Franklin, age 44, is a single parent raising his 17-year-old son, James.
- Thomas qualifies to file as Head of Household.
- For the last three years, Thomas has had family health coverage through a High Deductible Health Plan (HDHP) from his employer.
- Thomas has had an HSA for several years.
- In 2011, he contributed \$2,000 to his HSA.
- Thomas' mother helped him out and contributed \$3,000 to his HSA in 2011.
- Thomas' employer also contributed \$500 to his HSA in 2011.
- Thomas paid the following expenses in 2011 using money from his HSA:
 - \$575 for doctor visits for Thomas
 - \$250 for prescription medicine for Thomas
 - \$300 for doctor visits for James
 - \$100 for toiletries for the family



Intake/Interview & Quality Review Sheet

Section A. You should complete Pages 1-3

Thank you for allowing us to prepare your tax return. **You are responsible for the information on your return so please provide complete and accurate information to the certified tax preparer.** If you have any questions please ask your preparer.

You will need your:

- Tax information such as Forms W-2, 1099, 1098.
- Social security cards or ITIN letters for you and all persons on your tax return.
- Proof of Identity (such as a valid drivers license or other government issued picture ID).

Part I. Your Personal Information

1. Your First Name THOMAS		M. I. B	Last Name FRANKLIN		Are you a U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Spouse's First Name		M. I.	Last Name		Is spouse a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
3. Mailing Address 65421 SW 17TH ST		Apt#	City YOUR CITY	State YS	Zip Code YOUR ZIP
4. Contact Information Phone: YOUR PHONE # Cell Phone: E-mail: NONE					
5. Your Date of Birth 05/20/1967	6. Your Job Title MANAGER		Are you: 7. Legally Blind <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Totally and Permanently Disabled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Spouse's Date of Birth	10. Spouse's Job Title		Is Spouse: 11. Legally Blind <input type="checkbox"/> Yes <input type="checkbox"/> No		12. Totally and Permanently Disabled <input type="checkbox"/> Yes <input type="checkbox"/> No
13. Can anyone claim you or your spouse on their tax return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unsure					

Part II. Marital Status and Household Information

1. As of December 31, 2011, were you?
 Single
 Married: Did you live with your spouse during any part of the last six months of 2011? Yes No
 Divorced or Legally Separated: Date of final decree or separate maintenance agreement: _____
 Widowed: Year of spouse's death: _____

2. List names below of everyone who lived in your home in 2011 (other than you or spouse). Also list anyone who lived outside of your home that you supported during 2011. If additional space is needed please check here and list on page 3.

Name (first, last) Do not enter your name or spouse's name below.	Date of Birth (mm/dd/yy)	Relationship to you (e.g. daughter, son, mother, sister, none)	Number of months lived in your home in 2011	US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)	Marital Status as of 12/31/11 (S/M)	Full-time student in 2011 (yes/no)	Received less than \$3700 income in 2011 (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
JAMES FRANKLIN	1/18/1994	SON	12	YES	S	YES	YES

- **Volunteers assisting with preparing your return are trained to provide high quality service and uphold the highest ethical standards.**
- **To report unethical behavior to IRS, email us at wi.voltax@irs.gov or call toll free 1-877-330-1205.**

To check the status of your REFUND visit "Where's My Refund?" on www.irs.gov or call 1-800-829-1954 for assistance.

Section A. Please complete – check Yes, No or Unsure to all questions below. Please ask if you need help.

Part III. Income – In 2011, did you (or your spouse) receive:

Yes No Unsure

1. Wages or Salary? (Form W-2)
2. Tip Income?
3. Scholarships? (Forms W-2, 1098-T)
4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
5. Refund of state/local income taxes? (Form 1099-G)
6. Alimony Income?
7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)
8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)
9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)
10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)
11. Unemployment Compensation? (Form 1099-G)
12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
13. Income (or loss) from Rental Property?
14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: HSA DISTRIBUTION
(Forms W-2 G, 1099-MISC)

Part IV. Expenses – In 2011 Did you (or your spouse) pay:

Yes No Unsure

1. Alimony: If yes, do you have the recipient's SSN? Yes No
2. Contributions to a retirement account? IRA Roth IRA 401K Other
3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)
4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?
5. Medical expenses (including health insurance premiums)?
6. Home mortgage interest? (Form 1098)
7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)
8. Charitable contributions?
9. Child/dependent care expenses, such as day-care?

Part V. Life Events – In 2011 Did you (or your spouse):

Yes No Unsure

1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)
2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1099-C)
3. Buy, sell or have a foreclosure of your home? (Form 1099-A)
4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year? _____
5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?
6. Live in an area that was affected by a natural disaster? If yes, where? _____
7. Receive the First Time Homebuyers Credit in 2008?
8. Pay any student loan interest? (Form 1098-E)
9. Make estimated tax payments or apply last year's refund to your 2011 tax? If so how much? _____
10. Attend school as a full time student? (Form 1098-T)
11. Adopt a child?
12. File a 2010 federal tax return containing a "capital loss carryover" on Form 1040 Schedule D?

Presidential Election Campaign Fund: (If you check a box, your tax or refund will not change.)

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund You Spouse

Catalog Number 52121E

Form **13614-C** (Rev. XX-XXXX)

2

Section B. For Certified Volunteer Preparer Completion

Remember: You are the link between the taxpayer's information and a correct tax return. Verify the taxpayer's information on pages 1, 2 & 3 is complete. All questions must be discussed with the taxpayer and all "Unsure" responses should be changed to "Yes" or "No".

Must be completed by Certified Volunteer only if persons are listed in Part II Question 2

Check if persons are listed in Part II Question 2

- Yes No 1. Can anyone else claim any of the persons listed in Part II, Question 2, as a dependent on their return? **If yes, which ones:**

- Yes No 2. Were any of the persons listed in Part II, Question 2, totally and permanently disabled? **If yes, which ones:**

- Yes No 3. Did any of the persons listed in Part II, Question 2 provide more than 50% of their own support? **If yes, which ones:**

- Yes No 4. Did the taxpayer provide more than half the support for each of the persons in Part II, Question 2? **If yes, which ones:**
 N/A

- Yes No 5. Did the taxpayer pay over half the cost of maintaining a home for any of the persons in Part II, Question 2? **If yes, which ones:**

Reminders

Use Publication 4012, *Volunteer Resource Guide* and Publication 17, *Your Federal Income Tax* in making tax law determinations.

Additional Tax Preparer Notes:

Section C. For Certified Quality Reviewer Completion

Confirm each item after reviewing the tax return and verifying that it reflects correct tax law application to the information provided by the taxpayer.

- 1. Sections A & B of this form are complete.
 - 2. Taxpayer's identity, address and phone numbers were verified.
 - 3. Names, SSN or ITINs, and dates of birth of taxpayer, spouse and dependents match the supporting documents.
 - 4. Filing Status is correctly determined.
 - 5. Personal and Dependency Exemptions are entered correctly on the return.
 - 6. All information shown on source documents and noted in Section A, Part III is included on the tax return.
 - 7. Any Adjustments to Income are correctly reported.
 - 8. Standard, Additional or Itemized Deductions are correct.
 - 9. All credits are correctly reported.
 - 10. Withholding shown on Forms W-2, 1099 and Estimated Tax Payments are correctly reported.
- All tax law issues above have been addressed and necessary changes have been made.
- If direct deposit or debit was elected, checking/saving account and routing information match the supporting documents.
- Correct SIDN and EFIN are shown on the return.

		a Employee's social security number 441-XX-XXXX		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 44-1XXXXXX				1 Wages, tips, other compensation 29,922.00		2 Federal income tax withheld 1,279.00					
c Employer's name, address, and ZIP code WILLIAMS MANUFACTURING 2520 AUSTIN BLVD YOUR CITY, STATE ZIP				3 Social security wages 29,922.00		4 Social security tax withheld 1,257.00					
				5 Medicare wages and tips 29,922.00		6 Medicare tax withheld 434.00					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. THOMAS B. FRANKLIN 65421 SW 17TH STREET YOUR CITY, STATE ZIP				11 Nonqualified plans		12a See instructions for box 12 W 500.00					
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b					
				14 Other		12c					
						12d					
f Employee's address and ZIP code		15 State Employer's state ID number YS 44-1XXXXXX		16 State wages, tips, etc. 29,922.00		17 State income tax 421.00		18 Local wages, tips, etc.		19 Local income tax	
								20 Locality name			

Form **W-2** Wage and Tax Statement

2011

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

TRUSTEE'S/PAYER'S name, street address, city, state, and ZIP code HEALTHCARE TRUSTEE OF AMERICA 123 MAIN STREET YOUR CITY, STATE ZIP		OMB No. 1545-1517 2011 Form 1099-SA		Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	
PAYER'S federal identification number 44-4XXXXXX	RECIPIENT'S identification number 441-XX-XXXX	1 Gross distribution \$ 1,225.00	2 Earnings on excess cont. \$	Copy B For Recipient This information is being furnished to the Internal Revenue Service.	
RECIPIENT'S name THOMAS B. FRANKLIN		3 Distribution code 1	4 FMV on date of death \$		
Street address (including apt. no.) 65421 SW 17TH STREET		5 HSA <input checked="" type="checkbox"/> Archer MSA <input type="checkbox"/> MA <input type="checkbox"/> MSA <input type="checkbox"/>			
City, state, and ZIP code YOUR CITY, STATE ZIP		Account number (see instructions)			

Form **1099-SA** (keep for your records) Department of the Treasury - Internal Revenue Service

HSA Scenario 5: Test Questions

Directions

Use the interview notes, taxpayer documents, and reference materials needed for this scenario. **Please complete Form 1040 through line 61**, and the appropriate forms, schedules, or worksheets to answer each of the following questions.

Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your User ID.

12. What is the amount of Thomas Franklin's health savings account deduction on Form 1040, page 1?
 - a. \$2,000
 - b. \$4,500
 - c. \$5,000
 - d. \$5,500

13. What is Thomas Franklin's adjusted gross income (AGI) on Form 1040?
 - a. \$24,922
 - b. \$25,022
 - c. \$25,522
 - d. \$30,022

14. What is the amount of unreimbursed qualified medical expenses reported on Form 8889, line 15?
 - a. \$0
 - b. \$500
 - c. \$675
 - d. \$1,125

15. What is the amount of additional tax reported on Form 1040, line 60?
 - a. \$10
 - b. \$20
 - c. \$123
 - d. \$245



2011 Health Savings Accounts (HSAs) – Retest Questions

Retest Answer Sheet

Name _____

Instructions: Volunteers with an Intermediate certification or higher may proceed to a certification for Health Savings Accounts (HSA). HSA is an optional specialty training and certification test available on Link & Learn Taxes. Volunteers must achieve a minimum of 80% to be certified.

CAUTION: The Test scenarios are provided electronically in a PDF format for information purposes only. The questions on the online test may be either from the test or retest. Students should read each question on the online test very carefully before answering.

Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301.

We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

Question Answer

HSA Scenario 1

- | | |
|----|--|
| 1. | |
| 2. | |
| 3. | |

HSA Scenario 2

- | | |
|----|--|
| 4. | |
| 5. | |

HSA Scenario 3

- | | |
|----|--|
| 6. | |
| 7. | |
| 8. | |

HSA Scenario 4

- | | |
|-----|--|
| 9. | |
| 10. | |
| 11. | |

HSA Scenario 5

- | | |
|-----|--|
| 12. | |
| 13. | |
| 14. | |
| 15. | |

Total Answers Correct:	_____
Total Questions:	15
Passing Score:	12 of 15

Directions

These first four scenarios do not require you to prepare a tax return. Read the interview notes for each scenario carefully and use your training and resource materials to answer the questions after each scenario.

HSA Scenario 1: Jason Grant

Interview Notes

- Jason Grant is single and 46 years old.
- Jason works as an office manager and his Form W-2 shows wages of \$48,000.
- Jason participated in his employer's self-only coverage High Deductible Health Plan (HDHP) all year.
- Jason does not have any other health coverage.
- Jason has had an HSA for three years.
- Jason's employer contributed \$1,000 in 2011 to his HSA.
- In 2011, Jason contributed \$1,500 to his HSA.
- Jason is a U.S. citizen and has a valid social security number.

HSA Scenario 1: Retest Questions

1. Based on the information provided, Jason is an eligible individual for HSA purposes.
 - a. True
 - b. False
2. Jason's HSA deduction on Form 1040, line 25 is _____.
3. The employer contributions to Jason's HSA are reported on Form 1099-MISC.
 - a. True
 - b. False

HSA Scenario 2: Sidney and Mary Allen

Interview Notes

- Sidney and Mary Allen are married and will file a joint return.
- Sidney is 60 years old, and Mary is 53 years old.
- Both were enrolled in self-only coverage High Deductible Health Plans (HDHPs) through their employers for the entire year of 2011.
- Sidney and Mary each have an HSA.
- Both have contributed the maximum amounts to their HSAs in 2011.
- Sidney and Mary are both U.S. citizens and have valid social security numbers.

HSA Scenario 2: Retest Questions

4. Sidney can contribute a maximum of \$4,050 to his HSA and Mary can contribute a maximum of \$3,050 to her HSA for 2011.
 - a. True
 - b. False
5. Which form or schedule will Sidney and Mary each use to calculate their HSA deductions?
 - a. Schedule A
 - b. Form 8853
 - c. Form 8889
 - d. Form W-2

HSA Scenario 3: Penny Cook

Interview Notes

- Penny Cook is 35 years old.
- Penny is single and has no dependents.
- In 2011, she had earnings from her job of \$43,000.
- Penny has participated in her employer's self-only HDHP coverage all year.
- Penny has had an HSA for the past three years, including all of 2011.
- Penny contributed the maximum amount allowed to her HSA in 2011.
- In 2011, Penny took funds from her HSA to pay the following expenses:
 - Eyeglasses (needed for medical reasons)—\$250
 - Over-the-counter medication for a skin condition (no prescription from a doctor)—\$120
 - Co-payments for doctor office visits—\$80
 - Dental checkup—\$75
 - Swimming lessons—\$112
- Penny is a U.S. citizen and has a valid social security number.

HSA Scenario 3: Retest Questions

6. Penny's HSA deduction on Form 8889, line 13 is \$_____.
7. The amount of **total** distributions reported on Penny's Form 8889, line 14a is _____.
8. Which item is not included on Form 8889, line 15?
 - a. Dental checkup – \$75
 - b. Eyeglasses needed for medical reasons – \$250
 - c. Co-payments for doctor office visits – \$80
 - d. Over-the-counter medicine for a skin condition (no doctor's prescription) – \$120

HSA Scenario 4: Charles and Hazel Rowan

Interview Notes

- Charles, age 42, and Hazel, age 40, are married and will file a joint return.
- They have two children, Jessica and Robert, whom they will claim as dependents on their joint return.
- Hazel's cousin, George (age 30), came to live with them in August 2011. George's gross income was \$4,000. Hazel and Charles did not provide over one-half of George's support for the year but did pay \$500 of George's medical bills in October 2011.
- Charles was enrolled all of 2011 in an HDHP with family coverage.
- Charles has had an HSA for five years.
- In 2011, Charles made regular contributions to his HSA totaling \$2,500.
- In 2011, Charles took funds from his HSA to pay numerous medical expenses including:
 - \$100 for over-the-counter allergy medicine for their daughter, Jessica (no prescription from doctor)
 - \$200 in co-payments for office visits to the pediatrician for Jessica and Robert
 - \$150 to purchase Hazel's contact lenses (needed for medical reasons)
 - \$1,000 for long-term care insurance for Charles
- Charles, Hazel, Jessica, Robert, and cousin George are all U.S. citizens and have valid social security numbers.

HSA Scenario 4: Retest Questions

9. Charles' HSA deduction amount on Form 1040 is \$6,150.
 - a. True
 - b. False
10. The \$500 that Charles paid for cousin George's medical bill is a qualified medical expense for HSA purposes.
 - a. True
 - b. False
11. For HSA purposes, what is the total amount of qualified medical expenses paid by Charles?
 - a. \$350
 - b. \$990
 - c. \$1,350
 - d. \$1,450

HSA Scenario 5: Retest Questions

Directions

Refer to the scenario information for Thomas Franklin beginning on page 1-7. Use the interview notes, taxpayer documents, and reference materials needed for this scenario. **Please complete Form 1040 through line 61**, and the appropriate forms, schedules, or worksheets to answer each of the following questions

Note: When using the Link and Learn Taxes Practice Lab, complete the social security numbers and employer identification numbers by replacing the Xs with your user ID.

12. The amount shown on Form 1040, line 25, comes from Form 8889, line 13.
 - a. True
 - b. False

13. Thomas Franklin's adjusted gross income (AGI) is \$_____.

14. The expenses reported on Form 8889, line 15, should be:
 - a. Qualified medical expenses
 - b. Reimbursed qualified medical expenses
 - c. Unreimbursed qualified medical expenses
 - d. Unreimbursed qualified medical expenses in excess of 7.5% of Adjusted Gross Income (AGI)

15. What is the percentage of the additional tax that Thomas must pay on the HSA distribution that was not used for unreimbursed qualified medical expenses?
 - a. 5%
 - b. 10%
 - c. 20%
 - d. 50%

