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.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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</thead>
<tbody>
<tr>
<td>HSA Scenario 1</td>
<td>1.</td>
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<td>HSA Scenario 3</td>
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<td>HSA Scenario 3</td>
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<td>HSA Scenario 3</td>
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<td>HSA Scenario 4</td>
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<td>HSA Scenario 4</td>
<td>10.</td>
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<td>HSA Scenario 4</td>
<td>11.</td>
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<td>HSA Scenario 5</td>
<td>12.</td>
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<td>HSA Scenario 5</td>
<td>13.</td>
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<td>HSA Scenario 5</td>
<td>14.</td>
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<tr>
<td>HSA Scenario 5</td>
<td>15.</td>
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</tbody>
</table>

Total Answers Correct: 12
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
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
Form 13614-C
(Rev. XX-xxxx)

Intake/Interview & Quality Review Sheet

OMB # 1545-1964

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:
• 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            M. I.       Last Name  Are you a U.S. Citizen?  Yes ☒ No ☐
THOMAS                       B.         FRANKLIN
2. Spouse’s First Name       M. I.       Last Name  Is spouse a U.S. Citizen? Yes ☒ No ☐
3. Mailing Address           Apt#  City  State  Zip Code
95421 SW 17TH ST             YOUR CITY  YES  YOUR ZIP

4. Contact Information        Phone: YOUR PHONE #  Cell Phone:          E-mail: NONE

5. Your Date of Birth  06/20/1967 6. Your Job Title  MANAGER

7. Legally Blind               ☐ Yes ☒ No
8. Totally and Permanently Disabled ☐ Yes ☒ No
9. Spouse’s Date of Birth
10. Spouse’s Job Title  Is Spouse:  ☐ Yes ☒ No
12. Totally and Permanently Disabled ☐ Yes ☒ No
13. Can anyone claim you or your spouse on their tax return? ☐ Yes ☒ No ☐ 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.

<table>
<thead>
<tr>
<th>Name (first, last)</th>
<th>Date of Birth (mm/dd/yy)</th>
<th>Relationship to you (e.g., daughter, son, mother, sister, none)</th>
<th>Number of months lived in your home in 2011</th>
<th>US Citizen or resident of the US, Canada or Mexico in 2011 (yes/no)</th>
<th>Marital Status as of 12/31/11 (S/S/M)</th>
<th>Full-time student in 2011 (yes/no)</th>
<th>Received less than $3700 income in 2011 (yes/no)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAMES FRANKLIN</td>
<td>1/18/1994</td>
<td>SON</td>
<td>12</td>
<td>YES</td>
<td>S</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

• 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:**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>1. Wages or Salary? (Form W-2)</td>
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<td>2. Tip Income?</td>
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<td>3. Scholarships? (Forms W-2, 1098-T)</td>
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<td>4. Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)</td>
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<td>5. Refund of state/local income taxes? (Form 1099-G)</td>
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<td>6. Alimony Income?</td>
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<td>7. Self-Employment payments (such as cash received for services, small business)? (Form 1099-MISC)</td>
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<tr>
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<td>8. Income (or loss) from the sale of Stocks, Bonds or Real Estate (including your home)? (Forms 1099-S, 1099-B)</td>
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<td>9. Disability Income (such as payments from insurance or workers compensation)? (Forms 1099-R, W-2)</td>
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<td>10. Distributions from Pensions, Annuities, and/or IRA? (Form 1099-R)</td>
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<td>11. Unemployment Compensation? (Form 1099-G)</td>
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<td>12. Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)</td>
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<td>13. Income (or loss) from Rental Property?</td>
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<td>14. Other Income: (gambling, lottery, prizes, awards, jury duty, etc.) Specify: <strong>HSA DISTRIBUTION</strong> (Forms W-2 G, 1099-MISC)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
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<tbody>
<tr>
<td></td>
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<td>1. Alimony: If yes, do you have the recipient’s SSN? Yes No</td>
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<td>2. Contributions to a retirement account? IRA Roth IRA 401K Other</td>
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<td>3. Educational expenses paid for yourself, spouse or dependents, such as tuitions, books, fees, etc.? (Form 1098-T)</td>
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<td>4. Unreimbursed employee business expenses (such as teacher supplies, uniforms or mileage)?</td>
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<td>5. Medical expenses (Including health insurance premiums)?</td>
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<td>6. Home mortgage interest? (Form 1098)</td>
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<td>7. Real estate taxes for your home or personal property taxes for your vehicle? (Form 1098)</td>
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<td>8. Charitable contributions?</td>
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<td>9. Child/dependent care expenses, such as day-care?</td>
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**Part V. Life Events – In 2011 Did you (or your spouse):**

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Unsure</th>
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<tbody>
<tr>
<td></td>
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<td>1. Have a Health Savings Account? (Forms 5498-SA, 1099-SA)</td>
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<td>2. Have debt from a mortgage or credit card canceled/forgiven by a commercial lender? (Form 1098-C)</td>
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<td>3. Buy, sell or have a foreclosure of your home? (Form 1099-A)</td>
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<td>4. Have Earned Income Credit (EIC) disallowed in a prior year? If yes, for which tax year?</td>
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<td>5. Purchase and install energy efficient home items (such as windows, furnace, insulation, etc.)?</td>
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<td>6. Live in an area that was affected by a natural disaster? If yes, where?</td>
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<td>7. Receive the First Time Homebuyers Credit in 2008?</td>
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<td>8. Pay any student loan interest? (Form 1098-E)</td>
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<td>9. Make estimated tax payments or apply last year’s refund to your 2011 tax? If so how much?</td>
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<td>10. Attend school as a full time student? (Form 1098-T)</td>
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<td>11. Adopt a child?</td>
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</tbody>
</table>
|     |    | 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  [x] You [ ] Spouse
Additional Information and Questions related to the preparation of your return

Many free tax preparation sites operate by receiving grant money. The data from the following questions may be used by this site to apply for these grants. Your answers will be used only for statistical purposes.

Other than English what language is spoken in the home?  None

Are you or a member of your household considered disabled?  □ Yes  □ No

If you are due a refund or have a balance due:

- Ask your preparer about Direct Deposit. It is the fastest, easiest way to receive your tax refund. An e-filed return means a fast refund. Taxpayers who combine e-file and Direct Deposit can get their refunds in as few as 10 days.
- Ask your preparer about purchasing Series I U.S. Savings Bonds with part or all of your tax refund. Savings bonds are a safe and secure way to invest in the future. Purchase I Bonds for yourself or others in multiples of $50 and earn interest for up to 30 years.

If you are due a refund, would you like a direct deposit?  □ Yes  □ No
If you are due a refund, would you like information on how to purchase U.S. Savings Bonds?  □ Yes  □ No
If you are due a refund, would you like information on how to split your refund between accounts?  □ Yes  □ No
If you have a balance due, would you like to make a payment directly from your bank account?  □ Yes  □ No

Additional comments:

STOP HERE!
Thank you for completing this form.
Please give this form to the certified volunteer preparer for use in preparing your return.

Your Civil Rights are Protected: It is the Internal Revenue Service's mission to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. Under no circumstances will the Internal Revenue Service tolerate discrimination by its employees, grantees, contractors, and/or subcontractors. NO ONE shall be excluded from participating in, be denied the benefits of, or be subjected to discrimination because of race, color, sex, national origin, disability, reprisal, or age in programs or activities funded by the Department of Treasury - Internal Revenue Service. Any person who believes that he/she has been discriminated against on the basis of race, color, sex, national origin, disability, reprisal or age in programs or activities receiving financial assistance (e.g. Low-Income Tax Clinics, Tax Counseling for the Elderly) from the Department of Treasury IRS, may submit a written complaint to: National Headquarters; Office of Equity, Diversity & Inclusion; Internal Revenue Service; Attn: Director; Civil Rights Division (External Civil Rights Team); 1111 Constitution Ave., NW Room 2422; Washington, DC 20224.

Paperwork Reduction Act Notice
The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1984. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE.W.CAR.MP-T.T.SP., 1111 Constitution Ave., NW, Washington, DC 20224.

Catalog Number 52121E  Form 13614-C (Rev. xx-xxxxx)
<table>
<thead>
<tr>
<th>a. Employee's social security number</th>
<th>29,922.00</th>
<th>1,279.00</th>
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</thead>
<tbody>
<tr>
<td>b. Employee identification number (SSN)</td>
<td>441-XX-XXXX</td>
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</tr>
<tr>
<td>c. Employee's name, address, and ZIP code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WILLIAMS MANUFACTURING</td>
<td>29,922.00</td>
<td>1,257.00</td>
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<tr>
<td>2520 AUSTIN BLVD</td>
<td>Medicare wages and tips</td>
<td>Medicare tax withheld</td>
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<tr>
<td>YOUR CITY, STATE ZIP</td>
<td>29,922.00</td>
<td>434.00</td>
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<td>d. Control number</td>
<td>Social security tips</td>
<td>Allocated tips</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Employee's first name and initial</td>
<td>Thomas B. Franklin</td>
<td></td>
</tr>
<tr>
<td>Last name</td>
<td>65421 SW 17TH STREET</td>
<td></td>
</tr>
<tr>
<td>Suffix</td>
<td>YOUR CITY, STATE ZIP</td>
<td></td>
</tr>
<tr>
<td>f. Employee's address and ZIP code</td>
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<tr>
<td>15 SIN</td>
<td>Employer's state ID number</td>
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<td>16 State wages, tips, etc.</td>
<td>29,922.00</td>
<td>421.00</td>
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<tr>
<td>17 State income tax</td>
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<td></td>
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<tr>
<td>18 Local wages, tips, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Local income tax</td>
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<td></td>
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<tr>
<td>20 Locality name</td>
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</tr>
</tbody>
</table>

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

*Copy B—To Be Filed With Employee's FEDERAL Tax Return.*

This information is being furnished to the Internal Revenue Service.

<table>
<thead>
<tr>
<th>TRUSTEE/PAYER'S name, street address, city, state, and ZIP code</th>
<th>1. Gross distribution</th>
<th>2. Earnings on excess cost</th>
<th>3. Distribution code</th>
<th>4. FMV on date of death</th>
<th>5. HSA</th>
<th>Archer</th>
<th>MSA</th>
<th>Medicare Advantage MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEALTHCARE TRUSTEE OF AMERICA</td>
<td>123 MAIN STREET</td>
<td>YOUR CITY, STATE ZIP</td>
<td>44-XXXXXX</td>
<td>441-XX-XXXX</td>
<td>$1,225.00</td>
<td>$</td>
<td>1</td>
<td>$</td>
</tr>
<tr>
<td>PAYER'S federal identification number</td>
<td>44-XXXXXX</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>RECIPIENT'S identification number</td>
<td>441-XX-XXXX</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>RECIPIENT'S name</td>
<td>Thomas B. Franklin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street address (including apt. no.)</td>
<td>65421 SW 17TH STREET</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>City, state, and ZIP code</td>
<td>YOUR CITY, STATE ZIP</td>
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<td>Account number (see instructions)</td>
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</tbody>
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*Copy B For Recipient*

This information is being furnished to the Internal Revenue Service.

Form 1099-SA (keep for your records)

Department of the Treasury—Internal Revenue Service

1-12 HSA Scenarios
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
Retest Answer Sheet

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.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSA Scenario 1</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>HSA Scenario 2</td>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
<tr>
<td>HSA Scenario 3</td>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
</tr>
<tr>
<td>HSA Scenario 4</td>
<td>9.</td>
</tr>
<tr>
<td>10.</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td></td>
</tr>
<tr>
<td>HSA Scenario 5</td>
<td>12.</td>
</tr>
<tr>
<td>13.</td>
<td></td>
</tr>
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<td>14.</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td></td>
</tr>
</tbody>
</table>

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%