

Health Savings Accounts (HSAs)

Configuring, Tracking and Monitoring HSA Accounts for Your Members in CU*BASE

INTRODUCTION

This booklet describes the various configuration, maintenance, inquiry and reporting features available in CU*BASE for HSA processing.

The booklet is intended to be an overview; also refer to CU*BASE GOLD Online Help. Click  while working in these screens for additional instructions, field descriptions and other details.)

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<http://www.cuanswers.com/resources/doc/cubase-reference/>
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OVERVIEW

WHAT IS AN HSA?

What is a Health Savings Account? Simply put, it is a special savings account to be used for medical expenses. There are unique tax advantages with these types of accounts, including tax deductions for contributions, tax-free withdrawals for medical expenses, automated carryover of funds from one year to the next, and more. HSAs are offered by employers as a way to lower health insurance premiums through a “High Deductible Health Plan” (HDHP), and HSA accounts are portable, so the member can keep the account even when he changes jobs.

Of course that’s just the tip of the iceberg. Just like your credit union’s IRA program, there is a lot more to offering HSAs to members than just a set of CU*BASE tools. You will need an HSA expert on your staff, much like you probably have an IRA expert now, to learn the nuances of the regulations and help you set up and monitor a program that will comply with the necessary requirements, work well for your members, and be a successful business strategy for your credit union.

*This booklet covers how to use CU*BASE tools to track your credit union’s HSA program, and our Client Service team can provide assistance when you are ready to begin configuring your HSA products. Although we do not have the expertise to advise you on how your HSA program should be set up or administered, we are always ready to help you with anything related to specific CU*BASE tools!*

HSAs IN CU*BASE

Although HSAs and IRAs are quite different, the need to track their transaction amounts and annual deposit and withdrawal totals is similar, so they are similar in a lot of ways. Like IRAs, CU*BASE tools are designed to allow you to open accounts, assign deposit and withdrawal codes to individual transactions, verify balances in an HSA Balance File (similar to the IRA Balance File concept), and handle annual tax-related responsibilities.

In CU*BASE, HSAs are dividend applications or certificate types that have a special flag turned on. When the flag is activated, CU*BASE knows to create an HSA Balance File record for every member that has an HSA account, and any transactions that are posted must be coded with a valid HSA deposit or withdrawal code, similar to IRAs. Default annual deposit limits can be specified for both single and family plans, and can be adjusted at the membership level to handle special situations.

While the name HSA implies savings accounts, you can create these products using **either the SH (share) or SD (share draft/checking) Application Type**. For members who do not need HSA funds to be readily available for day-to-day purchases, CU*BASE also allows you to set up special **certificate type** codes for HSAs.

HSA Accounts with Debit Card Access

If you want to use a debit card on an HSA Account, a new HSA BIN is required. First contact your vendor for the configuration and setup of this new BIN. Once the vendor has setup the new BIN, contact a Client Services Representative to request a project sheet be submitted to add the new BIN to CU*BASE. Order the card by selecting the HSA BIN; this ensures only the HSA account type will be attached. A separate account base for the HSA card is not required since multiple BINs per account base are now supported.

THINGS TO KEEP IN MIND

- Unlike IRAs, for HSA accounts the member can name separate **beneficiaries** for each individual HSA account he or she owns. Beneficiaries are recorded and handled exactly the same as on any other ordinary savings/checking account or certificate.
- There is only one **HSA Balance File** record per membership (MASTER) record, unlike IRA balance file where there is one per IRA plan type. If a member has multiple savings, checking, and/or certificate accounts, all data feeds into the same HSA balance file.
- Retention of **transaction history** will be the same as for IRA accounts. (This is configured for your credit union using CU Master Parameters, and is usually set to 18 months.)
- When creating **custom Queries**, keep in mind that HSA savings/checking accounts do not have an equivalent of the IRAFLG field in the MEMBERx account files. This means the only indication that an account is an HSA will be the DIVAPL. There is a special HSA flag on the CD Type for certificates, however, and a corresponding HSA code on the MEMBER3 account record. Transaction records (TRANSx) do have an indicator showing I for IRA or H for HSA (field name TRIHFG) as well as a separate field for the transaction posting code (TRIHPC).
- **ACH distributions** can be set up to and from HSA accounts, but there is no way to control the transaction posting codes: All transfers will be coded as normal current-year contributions (deposits) or normal current-year distributions (withdrawals). So be careful: if you happen to use an HSA account as the base account (seq 99) and you also have distributions from that account to *another* of the member's HSA accounts (such as from an HSA savings to an HSA checking account), the HSA balance file would show duplicate deposit/withdrawal transactions instead of non-reportable transfers, and would need to be manually adjusted to keep the HSA balance file totals correct. (For transfers between HSA accounts, it is better to use AFTs so that you can specify the proper posting codes.)
- If you plan to allow **debit card access** to an HSA checking product, be aware there will be special considerations such as the need for a unique BIN and specially-imprinted card stock. So plan ahead (Visa might want as much as 60-90 days lead time)!
- If you offer HSA checking accounts, you can use normal **overdraft protection** features as with any other checking product. However, you can NOT protect a non-HSA checking account using funds from an HSA

account, as that would not constitute a valid medical expense. (Other combinations are still allowed: protecting an HSA checking account with a non-HSA savings or checking account, or protecting an HSA checking account with another HSA checking or savings account.)

- **Fees and service charges** that are paid from an HSA account will be classified as normal distributions. Exception: **early-withdrawal penalties** from an HSA certificate are coded as non-reportable (HSA posting code 9). If you want to change this notation, you will need to manually update the transaction post code later using the instructions on Page 21.
- If your state is one that does not recognize HSAs as tax-deferred, members would need to report interest earned on HSA accounts on their **state income tax return**. This can be reported to the member on their statement by activating the “YTD Dividends” option for member statements. Contact a CSR if you need to change this configuration. (Self Processors can set this flag using the “Member Statement Config” command on menu MNOP09.)
- **If a member dies**, you can use the HSA Balance File Maintenance feature to manually record the Fair Market Value as of the date of death (see Page 17).
- At this time it is not possible to offer HSA certificates to be purchased online via the **Online Banking Rate Board**. You can include them on your rate board as information only, but an employee must handle actually opening the accounts.

HSA Contribution Limits

Similar to IRA certificates, HSA certificates will be considered part of the member’s overall HSA “plan” to include any savings, checking and certificate account suffixes under the membership record. **Annual contribution limits** are controlled by that HSA balance file record.

Default annual contribution limits are configured as described on Page 10. When a member opens his or her first HSA account of any type, you will need to choose a plan type (Single or Family) and fill in the appropriate annual contribution limit, using the defaults as a guideline. This limit is stored as part of the member’s HSA Balance File record and governs all HSA account suffixes (savings, checking and certificates) under that membership. (See Page 15 for more information about the HSA Balance File.)

- Since **annual contribution limits** are dependent on a number of factors such as the HDHP deductible or the member’s age, the system will not automatically define a deposit limit when new accounts are opened. As shown on Page 11, the default limits will be displayed, but the MSR or teller will need to fill in the appropriate amount. Make sure your staff is trained on how to handle any exceptions. *Remember that you can adjust the limit for an individual member later via the HSA Balance File Maintenance feature (see Page 16).*
- **Catch-up contribution amounts** are not automatically added for brand-new HSA account holders, but from that point on will be added automatically each year when new HSA Balance File records are created during year-end processing, based on the member’s age for that tax year.

- As with IRAs, there is a warning for **excessive contributions** in interactive posting programs such as teller posting and transfers, but not for batch processes such as ACH and share drafts, nor for the Direct/Mail Post feature. **So you'll need to review the daily report** and handle any accounts that have gone over their annual contribution limits. Also see Pages 18 and 22.
- The only time dividends earned must be reported to the IRS for HSA accounts is if the account holder deposits more than the maximum allowed in a year. In that case, the member is responsible for reporting **earnings on the excess contribution** amount to the IRS. There is currently no way for CU*BASE to track excess amounts and separate the dividends that apply just to the excess. According to IRS regulations, the account holder is ultimately responsible, but your credit union can also adjust the HSA Balance File to record excess earnings that you manually calculate (see Page 17).

This means that if you pay dividends on your HSA products, it is very important that you monitor carefully to know when deposits cause a member to go over his annual limit. Review related notes on Pages 18 and 22.

CONFIGURING HSA PRODUCTS

DIVIDEND APPLICATION CONFIGURATION

Savings/Checking Products Configuration (Tool #777)

General Account Information Tab

HSA products can be either a savings (SH) or checking (SD) application type only (not IR or TX).

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Share Account Setup Update

Dividend application SA Corp ID 01 ABC CREDIT UNION

General Account Information Dividend Information

Description **HSA CHECKING** ☐ Prompt for credit report on open

Account range 110 to 111 ☒ Allow account nicknames

Application type **Share draft/checking products** Default negative bal limit 0.00

IRA plan type ☐ Report dividends to the IRS

☐ Reg D transaction account ☒ Auto update member negative balance limits

Reg D transfers per month 00 ☐ Club processing allowed

Zero balance account option **No action taken**

Accounting Interface	Share Draft/Checking Only
Liability G/L account # 903.30	Stop pay G/L # 153.20
Expense G/L account # 341.92	Stop pay fee 35.00
Accrual G/L account # 830.30	<input type="checkbox"/> Allow change of fee amount
	<input type="checkbox"/> Offer debit card round up program

[Configure Negative Balance Processing](#)

i Dividend rates are entered using Tool #506: Member Rate Maintenance

Suspend	Save	Skip	Qualified Dividends	ARU/Online Banking	Restrict Mbr Desgn
Checklist	ANR Scoring	Debit Card Round Up			

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Dividend Information Tab

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Share Account Setup Update

Dividend application SA Corp ID 01 ABC CREDIT UNION

General Account Information **Dividend Information**

Start date Jun 01, 2019 [MMDDYY] Next pay date Jul 01, 2019 [MMDDYY] Calc date Jun 19, 2019 [MMDDYY]

Pay frequency Monthly Dividend calculation type Simple daily (accrual)

Minimum balance to earn a dividend (Whole dollars)

Minimum balance penalty code None

Dividend pay code Addback ☐ Allow change on account open

Create Secured Shares Record 0.00

☐ Plateau dividend ☒ HSA

Base rate 0.50

Qualified dividend processing ☐ (A = use config, or enter 3rd-party code)

[This is a split-rate product](#)

ATM surcharge rebate program code ☐

ATM service charge rebate program ☐

Card activity rebate program code ☐

[Configure Negative Balance Processing](#)

Dividend rates are entered using Tool #506: Member Rate Maintenance

Suspend	Save	Skip	Qualified Dividends	ARU/Online Banking	Restrict Mbr Design
Checklist	ANR Scoring	Debit Card Round Up			

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To designate this as an HSA product, place a checkmark in the HSA box.

If this savings or checking product should behave like an HSA account, place a checkmark in the *HSA* field as shown in the sample above. Also remove the checkmark from the *Report dividends to the IRS* flag (shown on the screen on the previous page), because HSA earnings are tax free (see the notes on Page 6 regarding reporting earnings on excess contributions).

NOTE: Some states do not recognize HSAs as tax-deferred, so interest earned on the account will need to be reported on a member's state income tax return. This can be reported to the member on their statement by activating the "YTD Dividends" option for member statements.

Contact a CSR if you need to change this configuration. (Self Processors can set this flag using the "Member Statement Config" command on menu MNOP09.)

CD TYPE CONFIGURATION

Certificate Products Configuration (Tool #194) > Certificate type

Certificate of Deposit Maintenance

Certificate type: HA
 Corp ID: 01 ABC CREDIT UNION
 Application: HA Description: HSA CD
 Allow principal distributions: ☐ Allowed ☐ Required ☒ Blocked

Certificate Length		Certificate Penalty		General Ledger	
Days		Penalty code		Certificate	870.00
- Or -		Days		Premium penalty	870.00
Months	12	Penalty grace	00	Accrued dividend	870.00
				Dividend expense	870.00

Options
 IRA/HSA ☒ IRA ☐ HSA ☐ N/A
☒ Add funds to CDs
☐ Report dividends to IRS
 Laser certificate form ☐

Renewal
 Default renewal code: ☐ Manual ☒ Auto Renew ☐ Transfer to ☐ Check
 Default renewal CD type: (blank = same CD type)
☐ Allow member to change renewal code on existing account via online banking
 Allow member to bump the current rate: 00 times during the CD term

Dividend Rate(s)					
Minimum	0.01	Maximum	99,999,999.99	Rate	0.123
Minimum	0.00	Maximum	0.00	Rate	0.000
Minimum	0.00	Maximum	0.00	Rate	0.000
Minimum	0.00	Maximum	0.00	Rate	0.000
Minimum	0.00	Maximum	0.00	Rate	0.000
Minimum	0.00	Maximum	0.00	Rate	0.000

Suspend
 Delete
 Checklist

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To designate this as an HSA product, choose HSA as the *IRA/HSA* setting. Also remove the checkmark from the *Report dividends to the IRS* flag (shown on the screen on the previous page), because HSA earnings are tax free (see the notes on Page 6 regarding reporting earnings on excess contributions).

HSA certificates products can be set up as add-on and/or bump-rate CDs, but cannot be set up for principle distributions. Defaults for auto-renewals must be to another HSA product. Online banking is not set up to allow renewal code changes for HSAs, so make sure the *Allow member to change renewal code on existing account via online banking* is unchecked.

TIP: While it is theoretically possible to change an existing certificate type to an HSA product, to avoid unintended consequences and make it easier to analyze your certificate portfolio, we highly recommend you create your HSA certificate products as new, separate CD types.

SETTING DEFAULT DEPOSIT LIMITS

Set HSA Annual Deposit Limits (Tool #811)

Session 0 CU*BASE GOLD Edition - HSA Configuration

HSA Type	Default Annual Contribution Limit	Catch-Up Contribution Amount	Catch-Up Contribution Applies to Ages
Single (S)	3,500.00	1,000.00	55 and above
Family (F)	7,000.00	1,000.00	55 and above

i IMPORTANT: Remember that these limits are used ONLY for display when opening new accounts. Changes made here will not affect existing records.

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Use this screen to set the default annual deposit limits and catch-up contribution settings for HSA accounts, for both the Single and the Family type.

Remember that these limits are used ONLY when opening new accounts, or when creating balance file records for the next tax year as part of year-end processing. **Changes made here will only affect new accounts created from that point on.**

Default deposit limits are displayed on the account opening screen (see Page 11) so that staff will know the standard limits that are currently in place. However, because a member's actual limit is determined by many factors, it is up to the person opening the member's first HSA account to specify the appropriate limit for that member's account.

NOTE: Catch-up contribution limits are used only during the annual beginning-of-year cycle for creating new balance file records for existing HSA account holders. This additional limit will not automatically be added at the time the member is opening their first HSA account.

*NOTE: Since the IRS does occasionally change these limits, your defaults will automatically be updated to the new limits during beginning-of-year processing. **The new defaults WILL override any manual changes you have made to individual accounts, however.** So that means that you will need to keep a list of those members who have special circumstances that make their limits different from other members, and update their new balance file records each year after January 1st. Refer to the Year-End Processing Guide for more details.*

HSA ACCOUNTS

OPENING AN HSA SAVINGS OR CHECKING ACCOUNT

Open/Maintain Memberships/Accounts (Tool #3) > Add New Sub-Account > HSA Savings

HSA Checking

OPENING AN HSA CERTIFICATE

Open/Maintain Memberships/Accounts (Tool #3) > Add New Sub-Account > Open CD > HSA Certificate

Screen 1

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Create/Open New Certificate

CD acct base 4355
 CD acct type HA
 Reason code

CD amount 5,000.00
 CD IRA/HSA code

Transfer from 4355 000
 W/D IRA/HSA code

CD	Description	Rate	Terms	W/D
HA	HSA CD	0.123	12 M	
P1	48-MO TRUMP IRA BUMP	0.050	48 M	
01	7 MONTH CERTIFICATE	1.640 *	7 M	500
02	3 MONTH CERTIFICATE	1.150 *	3 M	500
03	6 MONTH CERTIFICATE	1.240 *	6 M	500
04	9 MONTH CERTIFICATE	1.290 *	9 M	500
05	12 MONTH CERTIFICATE	1.390 *	12 M	500
06	18 MONTH CERTIFICATE	1.420 *	18 M	500
07	24 MONTH CERTIFICATE	1.880 *	24 M	500
08	36 MONTH CERTIFICATE	2.130 *	36 M	500
09	48 MONTH CERTIFICATE	2.320 *	48 M	500
11	60 MONTH BUMP UP CD	2.370 *	60 M	500
12	30 MONTH CERTIFICATE	2.080 *	30 M	500.00

If creating a new HSA certificate, an appropriate HSA code must be specified. Likewise, if funds are being pulled from an existing HSA savings or checking account to fund the CD, a withdrawal HSA code must also be chosen.

Screen 2

Choose the appropriate HSA Type (Single or Family). Then enter the annual deposit limit based on this particular member's situation. If the member already has an HSA savings or checking account, the setting from this year's balance file record will be filled in automatically. (Remember there's just one balance file record for all of this member's HSA accounts.)

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Create/Open New Certificate

Account # 4355 - 351
 CD amount 5,000.00
 Issue date Sep 09, 2019
 Maturity date Sep 09, 2020 [MMDDYYYY]
 HSA type ☐ Single ☒ Family
 Annual deposit limit 8,000.00 (Single 3,500.00 Family 7,000.00)

Account nickname JANE A MEMBER
 1234 SAMPLE ST
 ANYCITY MI 49999
☐ Secondary names

How Should the Dividends be Paid?

Dividend disburse code Addback
 Dividend payment/transaction frequency Monthly
 Dividend rate 0.123 %
 Dividend variable rate code

If transferring dividends to another account, the other account must be an HSA savings or checking account. HSA posting code "V" (dividends paid) will be used when dividends are posted.

How Should the Certificate be Handled at Maturity?

Renewal code Auto Renew
 Renewal CD type HA
 Renewal incentive 0.000 %
 Renew only this amount 0.00 and put the rest in 000

When auto-renewing, the CD type must be an HSA product. Transfer renewals must also be set up to another HSA product.

Post Skip Procedures Pay to

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Renewals on HSA certificates can be set up **ONLY** to another HSA product. So if using the **Auto Renew** option, the *Renewal CD type* must be an HSA certificate type. If using the **Transfer** option, the transfer/redemption account must be an HSA savings or checking product.

DATA TIP: Unlike savings or checking accounts where the DivApl is the only indication of an HSA product, for HSA certificates there will be a flag in the account record designating this as an HSA account (file/table: MEMBER3; column/field: HSAFLG).

HSA ACCOUNT INQUIRY

Savings or Checking Account Inquiry (sample shown is for checking)

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Member Account Inquiry

MSR ;D
ATM ID
Withdrawals 0
Check digit 8
Frozen 0 NO
Passbook NO
AFT NO
Payroll NO

Account # 4355 JANE A MEMBER
Date opened Sep 09, 2019
G/L account 903.30-01

Account type 111 CHECKING
Div appl SA HSA CHECKING
Outstanding accrued club benefits 0.00

Current balance 0.00
- secured 0.00
- uncollected 0.00
= Net available 0.00

Annual b/u withholding 0.00
Period average balance 0.00
Period minimum balance 0.00
YTD club benefits 0.00

1st date negative 00000000
Neg balance limit 0.00
☐ Locked

New Account
New Account Type
Dividend Calculator
NSF
Uncollected Funds
Secured Funds
IRA/HSA
Payroll
Tracker Review
Overdraft Protection

Dividend Information

Dividend payment code	1 ADD DIV. TO CURRENT	Quarter 1	0.00	Total	0.00
Dividend transfer account	000000000-000	2	0.00	Accrued	0.000
		3	0.00		
		4	0.00		

Transaction inquiry date 00000000 [MMDDYYYY]

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Use IRA/HSA (F18) to see an inquiry-only version of the HSA Balance File maintenance screens shown starting on Page 14.

Certificate Account Inquiry

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Member Account Inquiry

This is the Account Detail screen used to display detailed info about a certificate account, including IRA and HSA certificates.

Account # 21
Date opened Jun 20, 2019
G/L account 870.00-01

Account type 351 HA HSA CERTIFICATES
CD type HA HSA CD
HSA plan type Single
Principal Distributions are Allowed
Rate bumped 0 of 0 times

Current balance 501.00
- Secured 0.00
- Penalty 0.00
+ Accrual dividend 0.000
= Redemption 501.00

Current rate 0.123%
Daily accrual 0.00
Original purchase 501.00
Last rollover balance 0.00
Partial renewal amount 0.00
Principal distribution amount 0.00
Renewal code 1 Auto Renewal
Trnsfr/redempt/princ distrib acct 0.00
Term dividend earned 0.00
Term dividend withdrawn 0.00
Available dividend 0.00

MSR ^W
Frozen 0 NO
AFT N
IRA N
Payroll N

Variable rate code
Original purchase Jun 20, 2019
Last renew/roll Jun 20, 2019
Present term 01
Current maturity Jun 20, 2020
Renewal incentive 0.000% Type HA
Dividend disburse code 1 ADD DIV. TO CURRENT
Dividend transfer account 000000000-000
Dividend frequency MONTHLY
Calc method DIVIDEND COMPUTED ON BALANCE
Penalty code Days 0
Current YTD dividend 0.00
Accrued club benefit 0.00
YTD club benefits 0.00

New Account
New Account Type
Renewal History
Secured Info
IRA/HSA
Payroll
Tracker Review
Overdraft Protection

Transaction inquiry date Sep 06, 2019 [MMDDYYYY]

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REDEEMING HSA CERTIFICATES

Close Memberships/Accounts (Tool #22) > Redeem certificates

Certificate of Deposit Redemption

CD account # 21-351
CD account type HA HSA CD
HSA type Single

Current CD rate 0.123 Date issued Jun 20, 2019
Original CD amount 501.00 Maturity date Jun 20, 2020
Total dividends 0.00 Termination date
Dividend withdrawn 0.00 Date opened Jun 20, 2019

Current balance 501.00
Accrued dividends + 0.00
Accrued benefit + 0.00
Dividend withholding - 0.00
Penalty amount - 0.00
Total CD payout = 501.00
CD redemption amount - 501.00
New CD balance = 0.00

Redemption Options

Redeem Via Check
Check amount 0.00
Check pay to

Redeem Via Account Transfer
Transfer amount 0.00 Account # 000
IRA/HSA transfer code

Redeem to Another CD
☐ Open a new CD with all or part of the funds
New CD amount 0.00
IRA/HSA deposit code
New CD type Reason code

Redemption Transaction Summary
Total transaction amount 0.00
IRA/HSA withdrawal code
☐ Pay benefits

Post/Continue
Penalty Calculator
Checklist

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Early withdrawal penalties, if any, will be posted using HSA code 9 (non-reportable) and the amount will appear in the "Other" bucket on the HSA Balance File.

Funds can be transferred to another HSA savings or checking account. If a non-HSA account is selected, a warning message will appear.

When redeeming funds from an HSA CD, an appropriate HSA code is required.

Redemptions from an HSA certificate require an appropriate HSA withdrawal code. If funds are being transferred to an HSA savings/checking account, or used to create another HSA certificate, an appropriate HSA deposit code is also required.

NOTE: It is not possible to transfer funds from an HSA certificate to an IRA savings account or IRA CD.

THE HSA BALANCE FILE

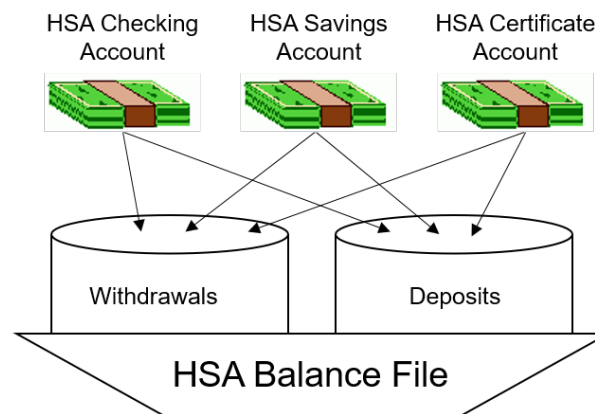
The HSA Balance File tracks all deposit and withdrawal amounts for a member's HSA accounts for an entire year, and is used for reporting member tax information. The HSA Balance File is cleared and a new one created for all members with one or more HSA accounts during beginning-of-year processing each year.

HSA Balance File records are created when a member opens his or her first HSA savings, checking, or certificate account. When posting transactions, if for any reason an HSA Balance File record does not exist, CU*BASE will create one for that member, using the "S" single type code and default deposit limit. (This can later be adjusted for a particular member as described below.)

All activity is combined into the same balance file, regardless of the number of individual HSA savings/checking and certificate accounts under that membership. The HSA Balance File is stored by account base, not by SSN/TIN.

There is only one HSA Balance file per membership (MASTER) record, unlike IRA balance file where there is one per IRA plan type. If a member has multiple HSA sub-accounts, all data feeds into the same HSA balance file.

Following is a simple graphical example of a member who has HSA savings, checking, and certificate accounts:



Deposits and withdrawals on both accounts are summarized in a single HSA balance file record. Balance file totals are updated immediately whenever a transaction is posted to a member account.

HSA BALANCE FILE CREATION AND MAINTENANCE

As activity occurs throughout the year on a member's HSA accounts, it may be necessary to modify information stored in the HSA balance file, to ensure that tax reporting is done correctly.

HINT: These same screens in a "VIEW" mode will also be used for Inquiry, as accessed via "IRA/HSA" (F18) on savings and certificate Account Inquiry screens (shown on Page 13).

Update HSA Balance Information (Tool #893)

Screen 1

Enter the account number of the HSA account you want to update and press Enter.

*NOTE: If for some reason you need to manually create an HSA Balance File record for a member (CU*BASE will usually create one for you, but there may be cases where you need to set one up manually), use **Add HSA Balance Rec** (F6) from this screen. (If creating a new HSA balance file for a closed account, make sure to enter the closed account sequence number recorded in MSHIST.) Using this function key will take you directly to Screen 3.*

Screen 2

Redemption value is a calculated field:
Current balance + Accrued dividends

Year	Beginning Balance	Contributions	Distributions	Net Transactions	Year-End Balance
2019	9,299.61	1,475.81	1,804.92	329.11-	0.00
2018	8,978.83	2,952.45	2,631.67	320.78	9,299.61
2017	9,874.47	2,948.70	3,844.34	895.64-	8,978.83
2016	9,452.26	2,957.07	2,534.86	422.21	9,874.47
2015	8,946.56	3,204.54	2,698.84	505.70	9,452.26
2014	7,826.79	2,944.39	1,824.62	1,119.77	8,946.56
2013	6,588.54	2,932.52	1,694.27	1,238.25	7,826.79
2012	5,609.19	2,879.82	1,900.47	979.35	6,588.54
Totals		22,295.30	18,933.99		3,361.31

Use HDHP Information (F12) to enter optional information about the member's HSA account, including insurance company, deductible amount, or other notes. See Page 17 for a sample of the screen that will appear.

HDHP Information

This second screen displays records for each tax year during which the member had an HSA account. The *Year-end balance* column will show the balance as of December 31 and is the same as the Fair Market Value reported for that year. Select any year in the list and use Enter or Select to proceed:

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Member HSA Balance File Information

Member # 26708 Age 65 Corp ID 01 Closed sequence #

SSN/TIN HSA type ☐ Single ☒ Family

Contributions		Distributions	
Current year	1,430.00	Normal distribution	1,804.92
Previous year	0.00	Transfer-non reportable	0.00
Dividends paid	45.81	Rollover	0.00
Transfer-non reportable	0.00	Other	0.00
Rollover	0.00	Prohibited	0.00
Redeposit of distribution	0.00	Disability	0.00
Total contributions	1,475.81	Death - year of	0.00
		Death - year after	0.00
		Excess contribution	0.00
		Total distributions	1,804.92

Recap		Excess contribution earnings	
Beginning balance	9,299.61	Excess contribution earnings	0.00
Net transactions	329.11 -	FMV at death	0.00
Ending balance	0.00		
Annual contribution limit	8,000.00		

[Add/Update](#)
[HDHP Information](#)
[Delete](#)

← → ↑ ↓ ⏮ ⏭ ⏯ ⏴ ⏵ ⓘ ? @

(315) 909/9

If a balance file is created by mistake, **Delete** (F16) lets you completely remove the balance file with all of its totals from the system. There will be one confirmation message.

Session 0 CU*BASE GOLD Edition - HSA HDHP Tracking Information

Account # 4355 JANE A MEMBER

CHANGE

SSN XXXXXXXXXX

Insurance company STATE FARM INSURANCE

Policy # 1234ASDF21234

Effective date Apr 15, 2018 [MMDDYYYY]

Deductible 5,000 (whole dollars)

Notes

Save/Update

Delete

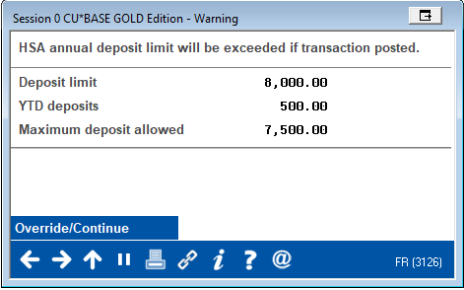
(3168)

This screen is used to record optional information about the member's HSA account. All data is informational only; no process will look at this information (for example, the annual contribution limit on the HSA balance file will not check against this deductible amount).

Use **Save/Update** (F5) to save any changes and return to the previous screen. (One confirmation message will appear.)

HSA BALANCE LIMIT WARNING MESSAGES

CU*BASE will provide interactive, online warnings when a deposit will cause a member to exceed his or her annual limit on an HSA account.



HSA annual deposit limit will be exceeded if transaction posted.	
Deposit limit	8,000.00
YTD deposits	500.00
Maximum deposit allowed	7,500.00

Below the table is an 'Override/Continue' button and a navigation bar with icons for back, forward, up, down, print, and help. The bottom right corner shows 'FR (3126)'.

The following direct post programs will read the member's HSA Balance File and display a warning pop-up window showing the amount that would exceed the limit:

- ♦ Teller Posting
- ♦ Transfers (Teller, Member Service, Phone)
- ♦ Account Adjustments (regular and coded)
- ♦ Opening/Redeeming an IRA Certificate
- ♦ Wire Transfers (Member Service, Phone)

IMPORTANT: Batch posting programs such as ACH will still post regardless of the deposit limit. This is also true of member-initiated postings such as ATM deposits/withdrawals and audio response/online banking transfers. It is also true of Mail/Direct Post because of that feature's ability to post to multiple accounts from the same screen.

Therefore, one of your daily tasks will be to monitor the daily HSA Balance File Transaction Exception Report for any miscellaneous activity that causes the deposit limit to be exceeded. See Page 22 for details about this daily report.

When the warning appears, you can choose to back up and change the deposit amount, or, if you do not want your tellers to have to counsel your members on the spot, you can override and post the deposit and it will appear on the daily report, to be handled by the appropriate back office personnel.

NOTE ON PRIOR YEAR CONTRIBUTION ON AN ACCOUNT CREATED FROM JANUARY TO APRIL OF THE FOLLOWING YEAR:

If an HSA account is created from January to April and the member makes a prior year contribution, you will see the warning screen above with zeros as the deposit limit. This is due to the fact that a balance file has not been created for the prior year and no maximum limits have been configured. In these situations, simply use the **Override/Continue button**. The payment will be applied to the correct year/bucket (for the previous year) on the current year's balance file.

HSA TRANSACTION CODES

Similar to how IRA transactions are handled, CU*BASE will need to record an HSA posting code on every deposit or withdrawal transaction that is posted on an HSA savings or checking account. This will be recorded in field TRIHPC in TRANSx and HTRANSx records.

*CU*TIP: This same field is used for the IRA posting code on IRA accounts and can be used for Query purposes as needed.*

You will use the *IRA/HSA code* field on various CU*BASE screens to enter an appropriate deposit or withdrawal for each transaction posted. For example, when using Teller Processing, use the IRA code column to enter the appropriate HSA deposit or withdrawal code:

The screenshot shows the 'Individual Account' screen for JANE A MEMBER, Account # 4355. The account balance is 150.00. Below the account summary is a table of transactions:

Loan Payoff or Current Balance	Loan Payment or Net Available	Description	Acct Type	Deposit Amount	IRA HSA	Withdrawal Amount	IRA HSA	Proc Code	JO
34,397.31	34,392.31	REGULAR SAVINGS	000	0.00		0.00			
119,760.38	26,753.65	CHECKING	110	0.00					
500.00	500.00	HSA CHECKING	111	150.00	C	0.00			
0.00	646.46	NEW VEHICLES	605	0.00					

Likewise, when posting something like a phone or journal transfer, you'll need to specify either the deposit or withdrawal code for the HSA account:

The screenshot shows the 'Member Account Transfer' screen. The transfer date is Sep 09, 2019, and the transfer amount is 100.00. The 'From account' is 4355 000 and the 'To account' is 4355 111. The description is 'MEMBER TRANSFER'. A callout box points to the 'IRA/HSA code' field, stating: 'Use the lookup button to choose a valid HSA posting code when depositing to (or withdrawing from) an HSA account.'

For any programs where a posting code cannot be entered (such as when checks clear on an HSA checking account or if transfers are done in audio response or online banking, etc.), CU*BASE will automatically mark the transaction record as follows:

- ◆ Deposits will use the code for a normal current-year deposit
- ◆ Withdrawals will use the code for a normal current-year withdrawal

HSA POSTING CODES LOOKUP

As mentioned above, CU*BASE will help you fill in transaction posting codes (not only for HSAs, but for IRA accounts as well). Current posting codes will

be recorded in a global configuration file in CU*BASE and updated on an annual basis according to IRS guidelines.

Lookup buttons will be available from CU*BASE posting programs such as:

- ◆ Teller Processing
- ◆ Direct/Mail Post (*TIP: Use the field in the 'IRA' column.*)
- ◆ Loan Disbursements
- ◆ Account Adjustments
- ◆ Phone and Member/Journal Transfers, including Wire Transfers
- ◆ Configurations for repeat postings such as payroll and ACH distributions, AFT/CFT, etc.

HSA Posting Code Lookup Window

Code	Description	Traditional	Education	Roth	SEPP
C (CR)	CURRENT YEAR CONTRIBUTION				
I (CR)	TRANSFER/OTHER(NON-REPORTABLE)				
L (CR)	ROLLOVER				
R (CR)	REDEPOSIT				
V (CR)	DIVIDENDS PAID				
Y (CR)	PRIOR YEAR CONTRIBUTION				
1 (DR)	NORMAL DISTRIBUTION				
2 (DR)	WITHDRAWAL EXCESSIVE				
3 (DR)	DISABILITY DISTRIBUTION				
4 (DR)	DEATH DISTRIBUTION (YEAR OF)				
5 (DR)	PROHIBITED DISTRIBUTION				
6 (DR)	DEATH DISTRIBUTION (YR AFTER)				

HSA Posting Codes

Credits (Deposits)	
Code	Description
C	Current Year Contribution
I	Transfer/Other (non-reportable)
L	Rollover
R	Redeposit
V	Dividends Paid
Y	Prior Year Contribution

Debits (Withdrawals)	
Code	Description
1	Normal Distribution
2	Withdrawal – excessive contribution
3	Disability Distribution
4	Death Distribution (year of)
5	Prohibited
6	Death Distribution (year after)
7	Rollover
8	Transfer/Other (non-reportable)
9	Non-reportable

NOTE: CU*BASE assumes that all credit transactions using the “redeposit” code for HSA accounts are for current year distributions made in error and will report to the IRS by reducing the distributions by this amount. If a credit union would like to accept a redeposit for a distribution posted in the prior calendar year, any reporting will need to be made manually by the credit union. Please refer to the IRA website <http://www.irs.gov/> for information regarding HSA redeposits.

UPDATING HSA TRANSACTION POSTING CODES

If for some reason an HSA posting code was entered incorrectly when a transaction was posted, use the following feature to correct the code. This will automatically update the corresponding buckets in the member's HSA Balance File to reflect the change.

Update Trans Desc & IRA/HSA Post Codes (Tool #918)

Screen 2

Use **Description/Statement** to update the transaction description that appears on member statements and account inquiry.

Use the **IRA/HSA Code** option to change the HSA posting code on a transaction record. The screen shown below will

Transaction Date	Sequence #	Amount	Current Balance	Transaction Description	Transfer Account	ID	Suppress
Jun 20, 2019	0005666	1.00	1.00	CD ACCOUNT TRANSFER	21-000	W	

Screen 3 - IRA/HSA Code

Contributions		Distributions	
Current year	501.00	Normal withdrawal	0.00
Previous year	0.00	Transfer-non reportable	0.00
Dividends paid	0.00	Rollover	0.00
Transfer-non reportable	0.00	Other	0.00
Rollover	0.00	Prohibited	0.00
Redeposit of distribution	0.00	Disability	0.00
Total deposits	501.00	Death - year of	0.00
		Death - year after	0.00
		Excess contributions	0.00
		Total withdrawals	0.00

Transaction Information

Date: Sep 06, 2019
 Amount: 500.00
 Last balance: 501.00
 Current HSA process code: C
 Description: CURRENT YEAR CONTRIB
 New HSA process code:

Use this screen to enter the correct HSA transaction posting code that should have been recorded for this particular transaction. Press Enter to confirm, then **Update** (F5) to save the change and return to the previous screen.

HSA REPORTS

DAILY HSA BALANCE FILE TRANSACTION EXCEPTION REPORT

Access: Automated Daily Report
Report Name: LHSALMT

This report shows HSA accounts where deposits have exceeded deposit limits, as well as other HSA transaction exceptions.

Although most interactive posting programs such as teller processing, transfers, etc., will warn the user at the time of the transaction if the deposit limit is being exceeded (see Page 18), this report is still necessary for batch posting processes (such as ACH or direct/mail post) as well as in case of an override at the time of an interactive transaction.

Report Sample

9/26/07 14:41.34	ABC TEST CREDIT UNION		LHSALMT	PAGE 1
RUN ON 9/26/07	HSA BALANCE FILE TRANSACTION EXCEPTION REPORT		USER MARYV	
ACCOUNT NO.	CLSEQ	YEAR		
290170	00	2007	*** CURRENT YEAR DEPOSITS EXCEEDS HSA DEPOSIT LIMIT - \$ 2,500.00 ***	
1198670	00	2006	*** PREVIOUS YEAR DEPOSITS EXCEEDS HSA DEPOSIT LIMIT - \$ 350.00 ***	
5016500	00	2007	*** CURRENT YEAR DEPOSITS EXCEEDS HSA DEPOSIT LIMIT - \$ 55.00 ***	
5800004	00	2007	*** CURRENT YEAR DEPOSITS EXCEEDS HSA DEPOSIT LIMIT - \$ 2,500.00 ***	
*** END OF REPORT ***				

This report must be checked regularly and members contacted to determine what should be done with the excess contribution!

This might mean transferring the money to another account, or planning to calculate and report earnings on excess contributions (see Pages 6 and 17), or even adjusting the annual contribution limit for that member if appropriate.

HSA BALANCE FILE/ACCOUNT TRANSACTION DETAIL

Access: **HSA Balance File/Acct Trans Detail (Tool #397)**
 Report Name: LHSA

This reports shows detailed information about a member's balance file and HSA transaction activity. This report is helpful for researching HSA balance file discrepancies and confirming that all transaction activity has been properly coded for tax reporting.

Report Sample

9/26/07 14:41:26		CU*BASE TEST CREDIT UNION (FR)				LHSA		PAGE 1	
				HSA BALANCE FILE ACCOUNT TRANSACTION DETAIL				USER DAWNM	
				REPORT FOR YEAR ENDING 2007 REPORT AS OF 9/26/07					
Name- FRED Q. MEMBER		HSA Limit-		2,850.00		Age-		43	
SSN- 385-16-9999		Beg. Year Balance-				Maintenance Date-		09/26/2007	
Year- 2007		End. Year Balance-				Account Base-		7	
Plan- Single									
Deposits				Withdrawals					
Curr Yr Cont-	354.98	Rollover -		Normal		-	50.00	Rollover	-
Transfer -		Dividends-		Death Year of-				Disability	-
Prev Yr Cont-		Redeposit-		Prohibited		-		Death Year After-	
				Other NonRep		-		Transfer	-
				Withdrawal E		-			
Transaction Listing									
ACCOUNT NUMBER	TRANS SEQ NO	DATE	TYPE	DEPOSIT AMOUNT	WITHDRAWAL AMOUNT	BALANCE	DESCRIPTION	HSA PROCESS CODE	
7-110	3106	9/26/07	11	354.98		354.98	HSA DEPOSIT	C/CURRENT YEAR CONTRIBUTIO	
7-110	3107	9/26/07	41		50.00	304.98	MEMBER TRANSFER	1/NORMAL DISTRIBUTION	
END OF REPORT									

HSA LISTING BY PROCESSING CODE

Access: **HSA Transaction Process Code Report (Tool #399)**
 Report Name: LHSAPC

This report shows individual HSA transactions according to HSA Code. This report is helpful when researching HSA balance file discrepancies and confirming that all transaction activity has been properly coded for tax reporting.

Report Sample

9/20/07 9:37.35		CU*BASE TEST CREDIT UNION			LHSAPC		Page 1
		HSA LISTING BY PROCESSING CODE					USER MARYV
		AS OF 9/20/07					
Account No.	Member Name	HSA Code	Transaction Description	Tran Date	Tran Amount	Current Balance	
444-084	SUSAN TESTER	C	ACCTG TRANS/CLOSE	8/01/07	61.32	122,547.87	
444-084	SUSAN TESTER	C	PC CU TRANSFER	8/16/07	1.00	122,547.87	
444-084	SUSAN TESTER	C	PC CU TRANSFER +	8/16/07	3.55	122,547.87	
1902-110	MINNIE MOUSE	C	PC CU TRANSFER	8/01/07	500.00	306.91	
1902-110	MINNIE MOUSE	C	ACH/DYNAMIC STAFFING	8/03/07	1,743.46	306.91	
1902-110	MINNIE MOUSE	C	APPRAISAL REFUND	8/08/07	20.00	306.91	
1902-110	MINNIE MOUSE	C	OVERDRAFT TRANSFER	8/08/07	75.26	306.91	
1902-110	MINNIE MOUSE	C	PC CU TRANSFER	8/09/07	100.00	306.91	
1902-110	MINNIE MOUSE	C	CHECKING DEPOSIT	8/10/07	900.00	306.91	
2638-110	WILLIAM L TELL	C	OVERDRAFT TRANSFER	8/01/07	22.99	.00	
2638-110	WILLIAM L TELL	C	OVERDRAFT TRANSFER	8/02/07	131.73	.00	
2638-110	WILLIAM L TELL	C	OVERDRAFT TRANSFER	8/03/07	35.25	.00	
2638-110	WILLIAM L TELL	C	PC CU TRANSFER	8/03/07	800.00	.00	
2638-110	WILLIAM L TELL	C	PC CU TRANSFER	8/09/07	2,100.00	.00	

HSA VERIFICATION REPORT

Access: **Verify HSA Balances Report (Tool #941)**
 Report Name: LHSVR

This report is used to compare the totals of the members' HSA transactions to the reporting "buckets" in the HSA Balance File. The report shows those situations where these two totals do not match and corrections are needed.

Report Sample

9/18/07 17:30.52		CU*BASE TEST CREDIT UNION		LHSAVR	PAGE 1
		HSA VERIFICATION REPORT FOR 2007			USER MARYV
TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON					
ACCOUNT NO.	MEMBER NAME	HSA BUCKET	TRANS TOTAL	HSA BAL TOTAL	NET DIF
444	SUSAN TESTER	DIVIDENDS PAID	342.68	341.00	1.68
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02
20974	HARLEY PERSON	Invalid Post Code:	750.88	.00	750.88

MEMBER HSA GOVERNMENT REPORT / 5498 FORMAT

Access: **HSA Govt. Report/5498 (Tool #398)**
 Report Name: LGVHSA

This report is used to view what your current HSA Balance File holds for deposits to HSA accounts, and is used to verify contribution data before 5498 forms are printed and filed. The report will be grouped first by Corporation, then sorted by Account. The end of the report lists the total number of HSA accounts and the column totals.

Report Sample

1/14/08 14:18:33		CU*BASE CREDIT UNION				LGVHSA		PAGE 1	
		MEMBER HSA GOVERNMENT REPORT / 5498SA FORMAT						USER ALYCIAM	
		FOR YEAR 2007							
ACCOUNT	NAME	TAX ID	AGE	CONTRIBUTIONS			FAIR MARKET		
NUMBER	NAME	NUMBER	AGE	TOTAL IN 07	FOR 07 IN 08	ROLLOVERS	VALUE	MESSAGE	
20000	MEMBER, CRAIG D	374-12-1234	53	489.32	.00	.00	455.85		
20001	MEMBER, TESTING D	123-12-1234	57	26.11	.00	.00	.00	OVR LMT	
23000	MEMBER, MICHAEL A	123-12-1234	49	.00	.00	.00	.10		
23100	JONES, MICHAEL L	363-12-1234	52	400.00	.00	.00	751.08		
24000	NEWMEMBER, MICHAEL R	369-12-1234	53	600.00	.00	.00	4504.01		
25000	JONES, THOMAS	373-12-1234	53	825.00	.00	.00	1434.71		
25500	MEMBER, TAMMY L	370-12-1234	39	600.00	.00	.00	1924.92		
26000	NEWMEMBER, GENE A	384-12-1234	53	600.00	.00	.00	4661.95		
26100	MEMBER, KYLE R	362-12-1234	28	.00	.00	.00	721.87		
26200	MEMBER, NATHAN J	379-12-1234	32	1950.00	.00	.00	2907.75		
26300	NEWMEMBER, MARK E	487-12-1234	45	624.00	.00	.00	1227.01		
27400	JONES, JENA M	369-12-1234	21	.00	.00	.00	247.10		
27500	MEMBER, MICHAEL T	371-12-1234	23	.00	.00	.00	260.55		
27000	NEWMEMBER, TIMOTHY E	369-12-1234	46	600.00	.00	.00	178.39		

ANNUAL TAX REPORTING

As part of year-end processing, CU*BASE will automatically handle the creation of tax file records needed to produce HSA-related tax forms as well as updating records in the Tax File, similar to the way IRAs work.

Refer to the current Year-End Processing Guide for specific details, including instructions on how to notify us whether your HSA program is self-administered or administered by another third party, such as CMG.

HSA TAX FORMS

Tax forms related to HSA accounts include the following:

- ♦ **1099-SA** (for Distributions) - Due to members by the end of January; due to the IRS by the end of February.
- ♦ **5498-SA** (for Contributions) - Due to members and the IRS by the end of May.