

What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt trust or custodial account established for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and your dependents. Contributions to an HSA are tax deductible, the earnings grow tax deferred, and distributions to pay or reimburse qualified medical expenses are tax free.

Am I Eligible for an HSA?

You are an eligible individual and may make regular HSA contributions if you are covered under a qualifying high deductible health plan (HDHP) and answer “No” to each of the following questions:

1. Do you have other health coverage (except permitted coverage)?
2. Are you enrolled in Medicare?
3. Are you claimed as a dependent on another person’s tax return?

What is a High Deductible Health Plan?

An HDHP is a health plan with an annual deductible, based on the type of insurance coverage, that is no less than the amounts shown below:

	HDHP Annual Deductible	
Tax Year	Self-Only Coverage	Family Coverage
2025	\$1,650	\$3,300

*Contact your health plan provider for assistance in determining if your HDHP meets the requirements for an HSA.

Are There Other Requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses, based on the type of insurance coverage, to no more than the amounts shown in the chart that follows:

	Maximum Out-of-Pocket Expenses	
Tax Year	Self-Only Coverage	Family Coverage
2025	\$8,300	\$16,600

What are My Responsibilities as an HSA Owner?

Each year you are responsible for determining your eligibility and allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with nontaxable HSA distributions. You are encouraged to seek this guidance from a tax or legal professional.

HSA Contribution Limits for 2025:

	Single Plan	Family Plan
Max Contribution	\$4,300	\$8,550
Catchup Contribution (+55)	\$1,000	\$1,000



When Can I Make Distributions From My HSA?

You may take a distribution from your HSA at any time. HSA distributions used exclusively to pay for or reimburse qualified medical expenses incurred by you, your spouse, or your dependents are not included in your gross income for the year of distribution.

Distributions not used to pay for or reimburse qualified medical expenses are subject to an additional 20 percent tax unless made after your death, your disability, or your attainment of age 65.

What is a Qualified Medical Expense?

Qualified medical expenses include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease that affects any structure or function of the body, and amounts paid for prescription drugs and insulin. This includes items that are not medicines or drugs including equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits. This also includes transportation costs associated with this medical care and certain qualified long-term care services.

Qualified medical expenses also include otherwise eligible amounts paid for your child who is claimed as a dependent by your former spouse. **Note: You are solely responsible for determining if you have a qualified medical expense. Review IRS Publication 502.**

How is HSA Activity Reported to the IRS?

Each year your HSA is reported to the IRS on IRS Form 5498-SA for contributions made, and on IRS Form 1099-SA for distributions taken. In addition, you file IRS Form 8889, Health Savings Accounts, as part of your federal income tax return to show your HSA contribution and distribution activity.

How does an HSA at City National Bank work?

CNB offers an HSA with the following features:

- Debit Card
- No Minimum Balance to Open
- No Service Charge
- Earns Interest
- Online Banking App



How do I access the funds in my HSA?

CNB gives you ease of access to available funds in your HSA by debit card. You will have access up to \$2,500 per business day as long as funds are available in the account. Any amount needed over that limit will need to be approved by CNB.

What is the difference in available funds on an FSA and an HSA?

With an HSA you only have access to funds as they are deposited into the account. Balances are calculated on an HSA like they are a checking account. With online access you will be able to monitor your balance and transactions as they process through your account.

How do I set up this account with City National Bank?

Contact Alderman Financial Group at 903-246-3270. They will guide you through the process of getting your account established with CNB.

What happens next?

You will sign up during open enrollment. Once enrollment is complete CNB will create your account. You will receive an email from CNB via Adobe Sign. This will be the documents that are required upon account opening. (You will be required to sign the documents electronically through Adobe Sign.) Once completed you will receive a second email confirming that the documents have been completed and filed. At that time, CNB will issue a debit card and online access for your account. You will receive the card and information from your employer once completed. CNB will also give the school district information needed for them to place payroll deductions in your HSA.

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