

**INSTRUCTIONS HOW TO
COMPLETE PART I OF FORM 8889 FOR 2008**

By

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Introduction

Over the last several weeks, I have received a number of questions regarding how to complete Part I of Form 8889 for 2008. The reason for this is that the instructions to Form 8889 are very complex and unclear. To assist, the following shows how to complete Form 8889 in 23 different situations.

The discussion below is only for example purposes only. Individuals should be advised to seek professional tax assistance in the completion of Form 8889 or any other tax return.

Situations

I. Individual under age 55 with single High Deductible Health Plan (“HDHP”) coverage makes a contribution of \$2,900 during 2008 and/or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$2,900 on line 2 as the contribution made for 2008
3. Enter \$2,900 on line 3 as the contribution limitation amount for 2008.
4. Enter \$2,900 on line 5.
5. Enter \$2,900 on line 6.
6. Enter \$2,900 on line 8.
7. Enter \$2,900 on line 12.
8. Enter \$2,900 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

II. Individual under age 55 with single HDHP coverage makes a contribution of \$2,900 during 2008 and/or 2009 and has \$1,000 transferred from his or her employer’s Health Flexible Spending Account (“Health FSA”) or Health Reimbursement (“HRA”) to his or her Health Savings Account (“HSA”):

Complete Form 8889 as indicated above in Situation I above. Such transfers are not reported on an individual’s Form 8889.

III. Individual under age 55 with single HDHP coverage transfers \$2,900 from his or her Individual Retirement Account (“IRA”) to his or her HSA during 2008 and/or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$2,900 on line 3 as the contribution limitation amount for 2008.
3. Enter \$2,900 on line 10.
4. Enter \$2,900 on line 11.

5. Enter \$0 on line 12.

6. Enter \$0 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

Note: The Individual must also enter the amount of the IRA distribution on line 15a of his or her Form 1040 or line 16a of his or her Form 1040NR. If the entire amount of the distribution is transferred to his or her HSA, then he or she must enter \$0 on line 15b of his or her Form 1040 or line 16b of his or her Form 1040NR.

IV. Individual under age 55 with single HDHP coverage. He or she is married filing jointly with his or her spouse with single HDHP coverage. Each spouse makes a contribution of \$2,900 to a HSA during 2008 and/or 2009:

Each spouse has to complete separate Form 8889.

1. Complete Form 8889 for each spouse as indicated above on Situation I for steps 1 through 7.
2. Enter the combined contribution amounts made by each spouse, \$5,800 (\$2,900 for each spouse) on line 13 and on Form 1040, line 25, or line 1040 NR, line 25).

V. Individual age 56 with single HDHP coverage makes a contribution of \$2,900 and makes a catch-up contribution of \$900 during 2008 and/or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$3,800 on line 2 as the contribution (\$2,900 and \$900) made for 2008.
3. Enter \$3,800 on line 3 as the contribution limitation amount for 2008.
4. Enter \$3,800 on line 5.
5. Enter \$3,800 on line 6.
6. Enter \$3,800 on line 8.
7. Enter \$3,800 on line 12.
8. Enter \$3,800 on lines 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

VI. Individual under age 55 with single HDHP coverage makes a contribution of \$1,900 during 2008 and/or 2009 and employer made a contribution of \$1,000 during 2008 or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$1,900 on line 2 as the contribution made for 2008.
3. Enter \$2,900 on line 3 for the contribution limitation amount for 2008.
4. Enter \$2,900 on line 5.

5. Enter \$2,900 on line 6.
6. Enter \$2,900 on line 8.
7. Enter \$1,000 on line 9.
8. Enter \$1,000 on line 11.
9. Enter \$1,900 on line 12.
10. Enter \$1,900 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

VII. Individual under age 55 with single HDHP coverage who is a more than 2% shareholder in an S corporation makes a contribution of \$1,900 during 2008 and/or 2009 and the employer makes a contribution of \$1,000 during 2008 or 2009:

Complete Form 8889 as indicated above on Situation VI above, except that the taxable employer contribution should be reported in lines 2 and not on line 9 or 11. The individual should enter \$2,900 on lines 12 and 13. Despite the fact that this contribution is reported on the individual's Form W-2, it should not be reported as an employer contribution for purposes of Form 8889.

VIII. Individual under age 55 with single HDHP coverage makes a pretax contribution of \$2,900 through cafeteria plan during 2008:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$2,900 on line 3 as the contribution limitation amount for 2008.
3. Enter \$2,900 on line 5.
4. Enter \$2,900 on line 6.
5. Enter \$2,900 on line 8.
6. Enter \$2,900 on line 9.
7. Enter \$2,900 on line 11.
8. Enter \$0 on line 12.
9. Enter \$0 on line 13 and nothing on Form 1040, line 25, or on Form 1040 NR, line 25.

IX. Individual under age 55 with single HDHP coverage during the first six months of 2008 and contributes \$1,450 to an HSA during 2008 and/or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$1,450 on line 2 as the contribution made for 2008.

3. Enter \$1,450 on line 3 as a contribution limitation for 2008 (Amount determined by using the Line 3 Limitation Chart and Worksheet on page 3 of the Instructions).
4. Enter \$1,450 on line 5.
5. Enter \$1,450 on line 6.
6. Enter \$1,450 on line 8.
7. Enter \$1,450 on line 12.
8. Enter \$1,450 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

X. Individual under age 55 with single HDHP coverage during the last six months of 2008 and contributes \$2,900 to an HSA during 2008 and/or 2009:

1. Check box on line 1 indicating self-only coverage during 2008.
2. Enter \$2,900 on line 2 as the contribution made for 2008.
3. Enter \$2,900 on line 3 as the contribution limitation for 2008 (last month rule, see on page 1 of the Instructions).
4. Enter \$2,900 on line 5.
5. Enter \$2,900 on line 6.
6. Enter \$2,900 on line 8.
7. Enter \$2,900 on line 12.
8. Enter \$2,900 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XI. Individual under age 55 with family HDHP coverage during the first six months of 2008 and single coverage for the remaining 6 months of 2008 and contributes \$4,350 for 2008:

1. It is unclear from the instructions which box the individual should complete on this situation because the instructions indicate that the individual should check the box for coverage he or she had for longer period during 2008 or indicate family coverage if an individual had such coverage on December 1.
2. Enter \$4,350 on line 2 as the contribution made for 2008.
3. Enter \$4,350 on line 3 as the contribution limitation amount of 2008 (Amount determined by using the Line 3 Limitation Chart and Worksheet on page 3 of the Instructions).
4. Enter \$4,350 on line 5.

5. Enter \$4,350 on line 6.
6. Enter \$4,350 on line 8.
7. Enter \$4,350 on line 12.
8. Enter \$4,350 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XII. Individual under age 55 with single HDHP coverage during the first six months of 2008 and family coverage for the remaining 6 months of 2008 and contributes \$5,800 for 2008:

1. Check box on line 1 indicating family coverage during 2008.
2. Enter \$5,800 on line 2 as the contribution made for 2008.
3. Enter \$5,800 on line 3 as the contribution limitation amount of 2008 (last month rule, see on page 1 of the Instructions).
4. Enter \$5,800 on line 5.
5. Enter \$5,800 on line 6.
6. Enter \$5,800 on line 8.
7. Enter \$5,800 on line 12.
8. Enter \$5,800 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XIII. Individual under age 55 with family HDHP coverage makes a contribution of \$5,800 during 2008 and/or 2009:

1. Check box on line 1 indicating family coverage during 2008.
2. Enter \$5,800 on line 2 as the contribution made for 2008.
3. Enter \$5,800 on line 3 as the contribution limitation amount for 2008.
4. Enter \$5,800 on line 5.
5. Enter \$5,800 on line 6.
6. Enter \$5,800 on line 8.
7. Enter \$5,800 on line 12.
8. Enter \$5,800 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XIV. Individual under age 55 with family HDHP coverage makes a contribution of \$5,800 during 2008 and/or 2009 and has \$1,000 transferred from his or her employer's Health FSA or HRA:

Complete Form 8889 as indicated above on Situation XIII above. Such transfers are not reported on an Individual's Form 8889.

XV. Individual under age 55 with family HDHP coverage transfers \$5,800 from his or her IRA to his or her HSA during 2008 and/or 2009:

1. Check box on line 1 indicating family coverage during 2008.
2. Enter \$5,800 on line 2 as the contribution made for 2008.
3. Enter \$5,800 on line 3 as the contribution limitation amount for 2008.
4. Enter \$5,800 on line 5.
5. Enter \$5,800 on line 6.
6. Enter \$5,800 on line 8.
7. Enter \$5,800 on line 10.
8. Enter \$5,800 on line 11.
9. Enter \$0 on line 12.
10. Enter \$0 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

Note: The individual must also enter the amount of the IRA distribution on line 15a of his or her Form 1040 or line 16a of his or her Form 1040NR. If the entire amount of the distribution is transferred to his or her HSA, then he or she must enter \$0 on line 15b of his or her Form 1040 or line 16b of his or her Form 1040NR.

XVI. Individual under age 55 has family HDHP coverage during 2008. He or she is married filing jointly with spouse with single HDHP coverage. The individual makes a contribution of \$5,800 and his or her spouse makes a contribution of \$2,900 to his or her HSA during 2008 and/or 2009:

Each spouse has to complete separate Form 8889.

1. For the spouse that contributed \$5,800, complete Form 8889 as indicated above on Situation XIII for steps 1 through 8 and, enter the combined amounts \$5,800 on Line 13 and on Form 1040, on Line 25 on Form 1040 NR.
2. For the spouse that had \$2,900 contributed to his or her HSA for 2008, please complete as follows:
 - a. Check box on line 1 indicating family coverage during 2008.
 - b. Enter \$2,900 on line 2 as the contribution made for 2008.

- c. Enter \$0 on line 3 as the contribution limitation amount for 2008.
- d. Enter \$0 on line 8.
- e. Enter \$0 on line 12.
- f. Enter the combined amounts \$5,800 on Line 13 and on Form 1040, line 25 or Form 1040 NR, line 25. The couple will have a excess contribution of \$2,900

XVII. Individual age 56 with family HDHP coverage makes a contribution of \$5,800 and makes a catch-up contribution of \$900 during 2008 and/or 2009:

- 1. Check box on line 1 indicating family coverage during 2008.
- 2. Enter \$6,700 on line 2 as the contribution (\$5,800 and \$900) made for 2008.
- 3. Enter \$5,800 on line 3 as the contribution limitation amount for 2008.
- 4. Enter \$5,800 on line 5.
- 5. Enter \$5,800 on line 6.
- 6. Enter \$900 on Line 7.
- 7. Enter \$6,700 on line 8.
- 8. Enter \$6,700 on line 12.
- 9. Enter \$6,700 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XVIII. Individual age 56 with family HDHP coverage with a covered spouse age 56 makes a contribution of \$5,800 and a catch-up contribution of \$1,800 during 2008 and/or 2009 (\$6,700 is contributed for one spouse and \$900 for the other spouse):

Each spouse has to complete separate Form 8889.

- 1. For the spouse that contributed \$6,700, complete Form 8889 as indicated above on Situation XVII for steps 1 through 8 and, enter the combined amounts \$7,600 (\$6,700 + \$900.) on Line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.
- 2. For the spouse that had \$900 contributed to his or her HSA for 2008, please complete as follows:
 - a. Check box on line 1 indicating family coverage during 2008.
 - b. Enter \$900 on line 2 as the contribution made for 2008.
 - c. Enter \$900 on Line 7.

- d. Enter \$900 on line 8.
- e. Enter \$900 on line 12.
- f. Enter the combined amounts \$7,600 (\$6,700 + \$900.) on Line 13 and on Form 1040, line 25 or Form 1040 NR, line 25.

Note: In order for the spouse to receive an \$900 contribution, it must be contributed to a separate HSA in the spouse's name.

XIX. Individual under age 55 with family HDHP coverage makes a contribution of \$3,800 during 2008 and/or 2009 and employer made a contribution of \$2,000 during 2008 or 2009:

- 1. Check box on line 1 indicating family coverage during 2008.
- 2. Enter \$3,800 on line 2 as the contribution made for 2008.
- 3. Enter \$3,800 on line 3 as the contribution limitation amount for 2008.
- 4. Enter \$3,800 on line 6.
- 5. Enter \$3,800 on line 8.
- 6. Enter \$2,000 on line 9.
- 7. Enter \$2,000 on line 11
- 8. Enter \$3,800 on line 12.
- 9. Enter \$3,800 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XX. Individual under age 55 with family HDHP coverage who is a more than 2% shareholder in an S corporation makes a contribution of \$3,800 during 2008 and/or 2009 and the employer makes a contribution of \$2,000 during 2008 or 2009:

Complete Form 8889 as indicated above on Situation XIX above, except that the taxable employer contribution should be reported in lines 2 and not on 9 or 11. The individual should enter \$5,800 on lines 12 and 13. Despite the fact that this contribution is reported on the individual's Form W-2, it should not be reported as an employer contribution for purposes of Form 8889.

XXI. Individual under age 55 with family HDHP coverage made a pretax contribution of \$5,800 through a cafeteria plan during 2008:

- 1. Check box on line 1 indicating family coverage during 2008.
- 2. Enter \$5,800 on line 3 as the contribution limitation amount for 2008.
- 3. Enter \$5,800 on line 6.

4. Enter \$5,800 on line 8.
5. Enter \$5,800 on line 9
6. Enter \$5,800 on line 11
7. Enter \$0 on line 12.
8. Enter \$0 on line 13 and nothing on Form 1040, line 25, or on Form 1040 NR, line 25.

XXII. Individual under age 55 with family HDHP coverage during the first six months of 2008 and contributes \$2,900 to an HSA during 2008 and/or 2009:

1. Check box on line 1 indicating family coverage during 2008.
2. Enter \$2,900 on line 2 as the contribution made for 2008.
3. Enter \$2,900 on line 3 as the contribution limitation amount (Amount determined by using the Line 3 Limitation Chart and Worksheet on page 3 of the Instructions).
4. Enter \$2,900 on line 5.
5. Enter \$2,900 on line 6.
6. Enter \$2,900 on line 8.
7. Enter \$2,900 on line 12.
8. Enter \$2,900 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.

XXIII. Individual under age 55 with single HDHP coverage during the last six months of 2008 and contributes \$5,800 to an HSA during 2008 and/or 2009:

1. Check box on line 1 indicating family coverage during 2008.
2. Enter \$5,800 on line 2 as the contribution made for 2008.
3. Enter \$5,800 on line 3 as the contribution limitation amount for 2008 (last month rule, see on page 1 of the Instructions).
4. Enter \$5,800 on line 5.
5. Enter \$5,800 on line 6.
6. Enter \$5,800 on line 8.
7. Enter \$5,800 on line 12.
8. Enter \$5,800 on line 13 and on Form 1040, line 25, or on Form 1040 NR, line 25.