



**2009 Montana Medical Care Savings Account**  
Annual Reporting Information for Self-Administered Accounts  
15-61-202, MCA

Enter your name here (as it appears on your tax return): \_\_\_\_\_

Enter your social security number here: \_\_\_\_\_

Enter the name and address of the financial institution where your Montana medical care savings account is established:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Enter your Montana medical care savings account number here \_\_\_\_\_

Complete the table below reporting the 2009 activity to your Montana medical care savings account.

Column A	Column B	Column C	Column D	Column E	Column F
Enter the date of your deposits, earnings, or withdrawals.	Enter the amount of your deposits to your Montana medical care savings account.	Enter the amount of interest or other income earned on your Montana medical care savings account.	Enter your "eligible medical expense" withdrawals.	Enter your "non-qualified" withdrawals.	Balance – Add the amounts in columns B and C, then subtract from this total any amounts reported in Columns D and E. Enter the result.
1. Enter in column F the balance of your Montana medical care savings account as of January 1, 2009. This is the ending balance of your Montana medical care savings account as of December 31, 2008. If you established your account in 2009 enter zero here as your beginning balance is established on the date of your first deposit.					
2.					
3.					
4.					
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11.					
12.					
13.					
14. Enter the column totals on this line.					
If you have an amount entered in line 14, column E enter it here and on Form 2, Schedule I, line 7, or Form 2M, line 25. Complete Form MSA-P (Penalty Calculation) if required.					
Enter the ending balance reported in column F. This is your balance that is carried forward to 2010.					

## Form MSA General Instructions

### Definitions

**“Account holder”** is a Montana resident who establishes a Montana medical care savings account.

**“Dependent”** includes your spouse and your children. A child is included as a dependent when the child is:

- Under the age of 19; or
- Under the age of 23 and is an enrolled full-time student at an accredited college or university; or
- Legally entitled to the provisions of proper or necessary medical care and is not married, self-supporting, emancipated, or a member of the armed forces; or
- Mentally or physically incapacitated to the extent the child is not self-sufficient.

**“Eligible medical expenses”** are those expenses paid by you as the account holder for medical expenses that are defined under Internal Revenue Code at 26 U.S.C. 213(d). It includes medical expenses paid for yourself, as the account holder, and your dependents.

**“Non-qualified”** withdrawals are the withdrawals from your account made during the year that are not for eligible medical expenses.

### How can I establish a Montana medical care savings account?

If you are a resident of Montana, you can establish a Montana medical care savings account. The account has to be held separately and cannot be a jointly held account with your spouse. If you are married, both spouses can establish their own Montana medical care savings accounts and take advantage of the Montana tax benefit. Your account can be established with any financial or investment institution.

Your Montana medical care savings account can be a self-administered account or an account administered by a financial institution or an accountant. Generally, Montana residents self-administer their accounts and do not utilize a third party administrator. When you self-administer your account, use Form MSA to report your deposits and withdrawals.

### How much can I contribute to my Montana medical care savings account this year, and how much of this amount can I subtract from my federal adjusted gross income for 2009?

There is no limit in any one year on the amount that you may deposit into your Montana medical care savings account, but there is a limit on the amount that you can subtract from your federal adjusted gross income to arrive at your Montana adjusted gross income.

If your filing status is single, head of household or married filing separately, the maximum amount that you can subtract from your federal adjusted gross income in any one year is \$3,000 plus the interest or other income earned on the account. If you are filing your return jointly with your spouse and both spouses have a Montana medical care savings account, the maximum amount that you can subtract from your federal adjusted gross income is \$6,000 plus the interest or other income earned on the account. Amounts deposited over the limitations listed above cannot be deducted on your 2009 income tax return.

### What happens if I don't need to use the entire amount that I deposited in my Montana medical care savings account this year?

You can carry a balance forward from this year to next year. Example: You deposited \$500 in the account this year and you withdraw \$100 for eligible medical expenses this year. You will have a balance of \$400 in your account that can be used next year to pay for eligible medical expenses.

### How will the example above affect my Montana taxable income?

You will reduce your Montana taxable income by \$500 this year even though you have not used the entire amount. Assume that you don't deposit any additional amounts in your account next year, but you use the remaining \$400 for eligible medical expenses next year. Your Montana taxable income will not be affected next year.

### I have a federal health savings account established with my employer. Can I also have a Montana medical care savings account?

Yes, you can. Even though you may have a health savings account in which you were allowed a deduction in computing federal adjusted gross income, you can also establish a Montana medical care savings account. However, these accounts must be maintained separately and the funds cannot be commingled or used to pay for the same eligible medical expenses.

### I have a Montana medical care savings account. I withdrew funds during 2009 that were not used for eligible medical expenses. Are these withdrawals considered “non-qualified” withdrawals and are there any penalties that I have to pay on this withdrawal?

When you withdraw funds from your Montana medical care savings account that are not “eligible medical expenses” you are subject to a 10% penalty on these withdrawals. However, the funds that are withdrawn on the last business day of your tax year are not subject to this 10% penalty. You will need to complete Montana Form MSA-P to calculate your penalty.

In all cases, your non-qualified withdrawals are considered ordinary income in the year that you withdraw the funds and are included as an addition to federal adjusted gross income in calculating the Montana adjusted gross income.

### What records do I have to maintain to verify that my withdrawals from my Montana medical care savings account were used for eligible medical expenses?

As the account holder and owner of the Montana medical care savings account, you are required to maintain documentation that the amount of your withdrawals in 2009 were for eligible medical expenses for yourself, your spouse and your dependents. It is not necessary that the actual withdrawal is used to pay for the eligible medical expenses, but rather your eligible medical expenses were paid in 2009.

**Questions?** Please call us toll free at (866) 859-2254 (in Helena, 444-6900), or access the Montana State University Extension MontGuide at [msuextension.org/publications/FamilyFinancialManagement/MT199817HR.pdf](http://msuextension.org/publications/FamilyFinancialManagement/MT199817HR.pdf).