REVIEW QUESTIONS

SESSION 4 – ADJUSTMENTS TO INCOME

Problem 1 – Carol Wheeler, age 56, is single. Carol earned wages of $48,000 and was enrolled the entire year in a high-deductible health plan (HDHP) with self-only coverage. During the year, Carol contributed $3,000 to her Health Savings Account (HSA) and her cousin also contributed $1,000 to Carol's HSA account. Carol's contributions were made directly to the HSA and not through her payroll. Carol's Form W-2 shows $600 in Box 12 with code W. She has Form 5498-SA showing $4,600 in Box 2. Carol took a distribution from her HSA to pay her unreimbursed expenses: 2 visits to a physical therapist due to a car accident for $300; unreimbursed doctor bills for $700; prescription medicine for $400; replacement of a crown for $1,500; over-the-counter sinus medication for $80; and 10 Zumba classes for $125

Questions

1. Form 8889, Part 1 is used to report HSA contributions made by _____.
   a. Carol
   b. Carol's employer
   c. Carol's cousin
   d. All the above
2. Carol is eligible to contribute an additional $_____ to her HSA because she is age 55 or older. Her total contribution cannot exceed _____.
3. What is the total amount of unreimbursed qualified medical expenses reported on Form 8889, Part II?
   a. $2,600
   b. $2,900
   c. $2,980
   d. $3,105

Problem 2 – Bobbie Daniels was separated from his spouse for 10 months in 2022. Bobbie and his spouse have decided to file their tax returns as Married Filing Separately. Bobbie earned wages of $11,000 during the first half of the year. Bobbie lost his job in July and received a total of $7,500 in unemployment compensation. Bobbie paid student loan interest for the courses he previously took to earn his bachelor's degree. For 2022, he paid student loan interest of $350. He does not have any dependents. Bobbie is a U.S. citizen with a valid Social Security number.

Question – Bobbie can claim the student loan interest deduction on his tax return.
   a. True
   b. False