

# Give your Employees the Benefit of an HSA

Save money. Offer a unique benefit. Round out your retirement offering.

A Health Savings Account (HSA) is a tax-favored account used in conjunction with an HSA-compatible health plan. Offering a Health Savings Account along with an HSA-compatible health plan can provide a number of benefits for you and your employees.

## HSA-Compatible Health Plan Facts & Benefits

An HSA-compatible health plan (as defined by the IRS) provides a balance between comprehensive coverage and more manageable insurance premiums. Employees are responsible for the deductible and the maximum out-of-pocket. Once those are met, expenses covered by the health plan (including prescription drugs) are paid at 100%.

### Key Benefits

- ✓ Premiums are typically less than with lower-deductible plans.
- ✓ Premiums generally increase at a slower rate.
- ✓ Overall healthcare expenditures are reduced over time due to increased consumer involvement and greater price awareness.
- ✓ Preventive care is often covered at 100% before the deductible is met, without co-payments.
- ✓ Employees are encouraged to participate in wellness programs.

## Health Savings Account Facts & Benefits

An HSA allows you and your employees to build savings to cover eligible expenses that are not covered by the health plan, typically the deductible and other out-of-pocket costs. HSAs provide tax benefits when funds are deposited, as the account grows and when funds are used for eligible medical expenses.

### Key Benefits

- ✓ Balances roll over each year, providing an opportunity for you to offer an additional retirement savings option. After age 65, account holders can use HSA funds for non-qualifying expenses and pay only income tax.
- ✓ HSAs allow account holders to pay for eligible medical expenses with tax-free dollars.
- ✓ You save tax dollars when employees make pre-tax contributions through a Section 125 Cafeteria Plan.
- ✓ HSA dollars can be invested for greater earnings potential.

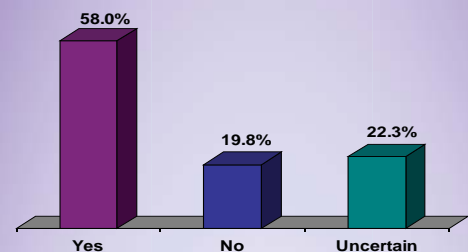


One choice clearly stands out.

## Consider This...

HSA-compatible health plans often provide preventive care benefits.

Does your health plan pay for preventive care prior to your deductible being met?<sup>1</sup>



Employees that have HSA-Compatible Health Plans are more likely to ask about healthcare related costs.<sup>1</sup>

- ◆ Of those visiting the doctor in the past 12 months, respondents with an HDHP<sup>2</sup> were more likely to ask about the cost prior to making an appointment (26.2% vs. 16.1%).
- ◆ Of those visiting the doctor in the past 12 months, respondents with an HDHP were more likely to ask about lower cost alternatives for treatment (32.9% vs. 25.2%).
- ◆ Of those prescribed medication in the past 12 months, respondents with an HDHP were more likely to ask about generic prescription alternatives (79.5% vs. 70.7%).

<sup>1</sup> HSA Bank – Benchmark Survey – April 2008

<sup>2</sup> HSA-Compatible Health Plans are also known as HDHPs or High Deductible Health Plans.

Facilitating pre-tax employee contributions saves your employees money and reduces your tax obligation.

### Tax Savings Example:

Jane makes a \$100 biweekly pre-tax contribution to her HSA through her employer's Section 125 Cafeteria Plan.

#### Employer Tax Savings:

FICA Savings (7.65% of employer FICA contribution)	\$7.65
Unemployment Contribution (State)	\$3.002
Unemployment Contribution (Federal)	\$0.803
Workers' Compensation Savings	<u>\$2.004</u>
Total Savings Per Pay Period	\$13.45

Total annual savings to employer in this example  
 $\$13.45 \times 26 \text{ pay periods} = \$349.70$  (Multiply this by the number of employees making similar contributions.)

#### Tax savings assumptions and disclaimers:

- The above example is not intended to be tax advice and is meant for illustrative purposes only. HSA Bank does not provide tax advice.
- Assumptions:
  - State unemployment contributions vary by state and employer claim experience. 3% is the approximate average starting rate for unemployment contributions.
  - Federal unemployment contributions are 0.8% for the first \$7,000 of employee payroll.
  - Workers' Compensation insurance rates vary by state and region, and are affected by employee class, type of job and employer claim experience. 2% is assumed as the approximate average insurance rate for Workers' Compensation.

# Experience the Benefits of Working with HSA Bank

Exceptional service. Flexible options. Industry leadership.

## Convenience

HSA Bank makes it easy for you to set up your HSA program, manage changes and access educational resources through online tools and personal support. The Employer Administration Site provides a convenient place to manage employee lists, initiate both employee and employer online contributions, facilitate online enrollments, download education resources, sign up for the monthly newsletter and update your employer profile.

## Dedicated Support

HSA Bank provides a dedicated Business Relations department to facilitate your implementation and offer ongoing support. Business Relations can assist with the selection of enrollment and contribution methods, provide demonstrations of online tools, offer Web-based training, and provide HSA program design tips and communication recommendations. Business Relations representatives are available at (866) 357-5232, Monday through Friday, 7a.m. - 7 p.m., Central Time. Additionally, regional representatives can assist with training and enrollment meetings. (Availability varies based on location.)

## Flexibility in Designing your HSA Program

HSA Bank offers a variety of options for enrollment, contributions, employee education and employer resources to assist you with creating your HSA program. HSA Bank considers your technology capabilities, HSA implementation strategy and group size when helping you choose from our online, electronic and paper options.

To further enhance your HSA experience, ask about communication and website customization, group transfer options and reporting capabilities.

## HSA Expertise and Financial Strength

HSA Bank focuses on managing and administering Health Savings Accounts and has more than 11 years of experience in the industry. Our combined experience with banking, investments and healthcare allows us to create a unique offering and to better anticipate your needs. HSA Bank is actively involved in industry research, awareness of consumer-driven healthcare and the advancement of HSAs.

HSA Bank is a division of Webster Bank, N.A. All accounts are FDIC insured through Webster Bank. Webster Bank is one of the 50 largest financial institutions in the nation with over \$17 billion in assets.

## One Choice Clearly Stands Out



HSA Bank believes in providing **personalized service** as the **expectation**, not the *exception*.

# Help your Employees Plan for their Future

**Savings opportunities. Account convenience. Investment options.**

## Saving for Today and the Future

An HSA program provides a unique opportunity for your employees to save with lower health insurance premiums, tax advantages and increased control over their healthcare dollars. When you provide Health Savings Accounts to your employees, you give them an opportunity to:

- ◆ Pay for eligible medical expenses on a tax-free basis
- ◆ Save money for future healthcare expenses
- ◆ Build funds for retirement

When you choose HSA Bank, you have peace of mind in knowing that your employees will have convenient access to their funds, account information and knowledgeable representatives.

## Convenient Access to Account Information

### Internet Banking

To assist in account management, we have specifically designed our Internet Banking system for HSAs. With this tool, accountholders can receive email notifications, view check images, access year-to-date information and tax documents, as well as contribute to their HSAs.

### Bankline

Accountholders can access their account balance and transaction history 24 hours a day, 7 days a week, through this toll-free automated banking system.

### Client Assistance Center

Accountholders can receive account information and support in English or Spanish by contacting our knowledgeable and friendly Client Assistance Center representatives Monday through Friday, 7 a.m. to 9 p.m., Central Time.

## Flexible Withdrawal Methods

### Debit Card

Accountholders can request a complimentary Visa® debit card at account opening. It can be used for point-of-sale purchases where medical products or services are provided, or with a PIN at an ATM.

### Checks

HSA Bank provides the option to purchase books of checks, which accountholders can use to pay expenses or to reimburse themselves for out-of-pocket costs.

### Reimbursement Options

Funds can also be accessed through manual and online reimbursement options.

## Investment Opportunities

HSA Bank offers two self-directed investment options. The investment account with TD Ameritrade Corporate Services provides access to stocks, bonds and over 11,000 mutual funds. Our Mutual Fund Selection account provides employees with the option to invest in a variety of historically high-performing mutual funds.

Investment accounts are established separately after enrollment. All funds must be deposited to the HSA and then transferred to the investment account.

*Investment accounts are not FDIC insured, may lose value and are not a deposit or other obligation of, or guarantee by the bank. Investment losses which are replaced are subject to the annual contribution limits of the HSA.*



# Five-Step Process

for Employer Set-up with HSA Bank

- 1. Complete the Employer Sign-Up Form** - (Available at [www.hsabank.com/ERSign-Up.aspx](http://www.hsabank.com/ERSign-Up.aspx))  
Fax the completed form to (920) 803-4184. Within one business day of receipt, you will receive a Welcome Kit via email, along with the information you need to log in to our Employer Site.
- 2. Consider HSA Program Design** - (Worksheet available at [www.hsabank.com/HSAProgramDesign.aspx](http://www.hsabank.com/HSAProgramDesign.aspx))  
Complete the Program Design Worksheet. General program design tips and customized recommendations will be provided.
- 3. Select Enrollment Method**
  - ◆ **Group Online Enrollment** - Log in to the Employer Site, select "New Setup" under the Group Online Enrollment heading and follow the instructions. For assistance, please call Business Relations.
  - ◆ **Electronic Enrollment with File** - Utilize an electronic data file to facilitate enrollment with HSA Bank. Contact HSA Bank's Business Relations Coordinators for assistance.
  - ◆ **Paper** - Pre-populate your Federal Tax ID#, distribute the application to employees, collect completed applications and mail them to HSA Bank. The application is available at [www.hsabank.com/forms/hsa\\_application.pdf](http://www.hsabank.com/forms/hsa_application.pdf). Paper applications require two to three business days to process.
- 4. Select Contribution Method** - (For details, visit [www.hsabank.com/ContributionOptions.aspx](http://www.hsabank.com/ContributionOptions.aspx))
  - ◆ **Group Online Contribution** - Make contributions online to multiple employee HSAs (on one screen) and have HSA Bank pull the funds from your business account.
  - ◆ **Electronic File Upload with ACH/WIRE** - Wire or ACH contributions to your employees' HSAs. The contribution must be accompanied by an Electronic Transaction File each time contributions are made.
  - ◆ **Direct ACH** - Make contributions directly to your employees' HSAs using your current payroll vendor.
  - ◆ **Check with Contribution Form** - Submit a check with our paper contribution form.
- 5. Develop Communication and Education Plan**
  - ◆ **Review the Communication Kit** - Log in to the Employer Site, point to the *Resources* heading, then click on *Training Materials*. The kit includes pre-enrollment, enrollment and ongoing communications to distribute to employees.
  - ◆ **Review the Communication Recommendations** - Results are found in the Program Design Worksheet that you completed in step two.
  - ◆ **Create the Communication Plan** - Include the materials that will be distributed, how they will be provided to employees (email, presentations, mailings, postings, etc.) and when the information will be offered.

**For assistance, please contact Business Relations -  
(866) 357-5232**

**Monday - Friday, 7 a.m. - 7 p.m., Central Time  
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