



# An Introduction to Health Savings Accounts

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## For Employers

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# HSA Background

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- **Introduced in 2004 to support Consumer Driven Health Care**
  - Provide consumers greater control over health care dollars
  - Reduce health care costs by putting consumers in charge
  - Give employers struggling to pay health care insurance a lower cost alternative and to encourage employers that do not offer health insurance to do so
  
- **Benefits to Employers**
  - Provide employers an alternative to traditional health care coverage
  - **Lower initial cost and lower annual cost increases**
  - Cover employees for catastrophic health issues
  - Offer employees a health plan that gives them choices
  
- **Explosive Growth in 2005**
  - Over 3,000,000 people had HSAs by January 2006<sup>1</sup>
  - 15-25 million HSAs expected by 2010<sup>3</sup>
  
- **Initial Results Positive**
  - HSA owners are more value conscious of health care expenses<sup>4</sup>
  - HSA owners engage in improved wellness behavior
  - HSA insurance plans are not increasing in cost as much as other plans

<sup>1</sup>HSA's Triple in 10 Months, Study released by America's Health Insurance Plans (AHIP) January 26, 2006

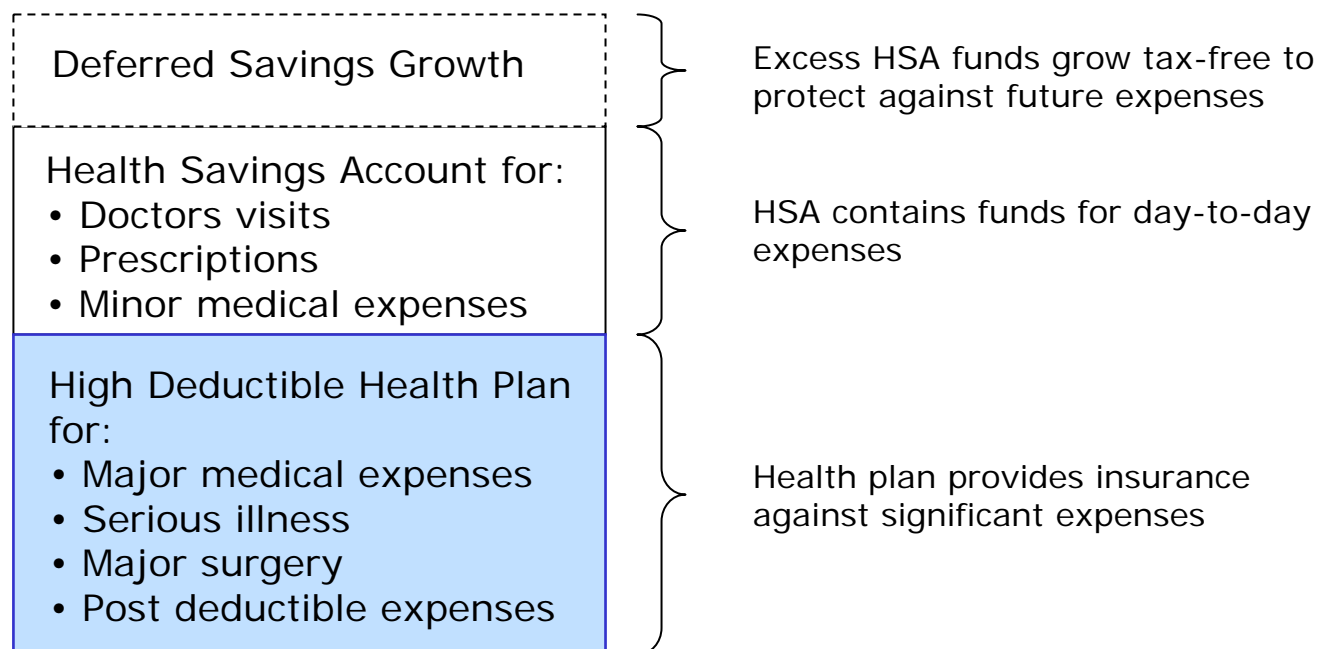
<sup>2</sup>HSA Deposits Top \$460 Million, ICDC Finds; 50,000+Accounts Are Opened Each Month, Inside Consumer Directed Health Care, Vol. 3, #9, May 2005.

<sup>3</sup>Seizing the HSA Opportunity, Study by Diamond Cluster Research 2005

<sup>4</sup>Consumer-Directed Health Plan Report – Early Evidence is Promising, McKinsey & Company, June 2005

# How does an HSA work?

HSAs work in combination with a High Deductible Health Plan (HDHP), also referred to as “catastrophic” insurance or major medical. The HSA pays for the day-to-day medical expenses while the HDHP pays for major expenses (above the deductible amount). The law is designed so that you can put roughly the amount of your deductible in your HSA – see the next slide for details.



# What's a High Deductible Health Plan?

- **High Deductible Health Plan (HDHP).** Employees must be covered under an HDHP plan to qualify for an HSA. Ask your insurance provider if your plan qualifies. Generally, HDHPs require a minimum annual deductible and place a limit on the total out-of-pocket payments allowed:

HDHP Requirements	Individual	Family
Annual Deductible	At least \$1,100 for 2007	At least \$2,200 for 2007
Out-of-Pocket Max	Not more than \$5,500 for 2007	Not more than \$11,00 for 2007

- **No Other Insurance allowed – Except “Permitted” Insurance.** To prevent people from obtaining the benefits of an HSA while protecting themselves with other health insurance plans, the law restricts the other coverage you may have. Listed below are some of the big exceptions:
  - Auto and life insurance
  - Accident insurance
  - Insurance for a specific disease or illness
  - Insurance that pays for a fixed amount per day for hospitalization

# What are the benefits of an HDHP and HSA?

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- **Lower Insurance Premiums.** Insurance premiums for high deductible plans are lower than premiums for more traditional forms of insurance because the deductible is higher, therefore the employee is taking on more of the initial cost of the insurance.
  - EX: A medical doctors office recently decided to see how much they could save by simply adding an HDHP to their health care plans, **this company stood to save almost \$1,000 annually per individual and nearly \$3,000/yr per family plan** that switched to the HDHP.
- **Broader Healthcare Alternatives.** HSAs provide employees with an unlimited choice of medical providers because they are not as locked into a particular network. Additionally, HSA funds can be used to pay for employee wellness (obesity and smoking cessation), dental, vision and even alternative care providers such as chiropractors.
- **Employee Safety Net Between Jobs.** For employees covered under a group high deductible plan, the HSA can be used to pay for COBRA while unemployed and also used to pay for medical expenses.
- **Tax Savings.** Employers that establish Section 125 plans to allow employees to make payroll contributions to their HSAs will save approximately 8% via reduced payroll taxes on the contributions and employees making contributions will save between 15-40% by avoiding Federal (and possibly state) Income Taxes and FICA and FUTA on their contributions.




# Can employers make HSA contributions?

Employers can make pre-tax contributions into employees HSAs subject to “comparability” rules. See the next slide for employee payroll deferrals.

- **Comparable Contributions.** An employer can make “comparable” contributions on behalf of all eligible employees.
- **Same Amount or % of Deductible.** Contributions are “comparable” if they are the same dollar amount or the same percentage of the deductible for the HDHP.
- **Categorize Employees.** Employers are allowed to treat different categories of employees differently:
  - Part time v. full time
  - HSA eligible v. not eligible
  - Single v. family
- **35% Penalty.** Failure to comply with these rules can result in a 35% penalty.

Call us with questions, we offer a free employer consultation to review issues such as “comparability”



### 2007 HSA Employer Comparability Worksheet

**Purpose:** Use this form to gain an understanding of the “comparability” rules for employer contributions. Employers subject to comparability testing (section 1) are required to treat like employees (section 2) similarly (section 3). Employers are responsible for properly determining whether the HSA contributions meet the rules. This worksheet is a tool to aid you in that effort, but it is not advice. If you have any questions, please consult with your tax or legal counsel. See the back of this form for details (p.2). Applies 2007 and on.

**1 Are You Subject to Comparability Testing?** You are only subject to the comparability rules if you make pre-tax contributions for your employees outside of a Section 125 Cafeteria plan. I.e. if you answer “Yes” to the following questions. a. Do you offer or plan to offer pre-tax HSA contributions?  Yes  No  Not Subject to HSA Comparability Testing. b. Will you make the HSA contributions outside of a Section 125 plan?  Yes  No  Not Subject to HSA Comparability Testing.

**2 Have You Properly Categorized Employees?** Employers are allowed to treat different “categories” of employees differently for HSAs contributions. See “Table for categories. Employers must treat employees within the same category “comparably” – see section 3 below. Important: see p.2 for details on categories.

Allowed Categories		Not Allowed Categories
Part time employees v. Full time employees	Single HDHP coverage v. Family HDHP coverage. Plus categories of Self +1, Self +2, and Self +3 or more. Cannot decrease contribution - see back for details	Management employees v. Non-management employees
Current v. Former employee	Employer provided HDHP v. Other HDHP	Age based
HSA eligible v. Not eligible	Union v. Non-union	Wellness plan participation based

**3 Are You Making Comparable Contributions?** You must make “comparable” contributions to employees falling within the same categories from Step 2. Special rules for Self+ categories – on back.

a. **Amount.** Contributions are “comparable” if they are the same dollar amount (Example 1) or same percentage of the deductible for the HDHP (Example 2). Employers offering multiple plans with multiple deductibles may result in multiple HSA contribution amounts.

b. **Timing.** Employers can pre-fund HSA contributions, fund periodically, or fund at the end of the year. Pre-funding does not result in comparability violations if an employee separates from service. Periodic funding results in employees receiving different contribution amounts based on number of eligible periods (Example 3). Employers may also use a “look back” method (Example 4).

c. **Testing Period.** The testing period is the calendar year.

**Example 1:** Employer contributes \$1,000 on behalf of all employees with individual HDHP coverage. This meets the comparability test.

**Example 2:** Employer offers two different HDHP plans with different deductibles. Plan A with \$2,000 deductible and Plan B with a \$2,500 deductible. The employer can contribute either the same amount to those covered under Plan A and B, say \$1,000, or the same percentage of the deductible, for example, \$1,000 (50%) for Plan A enrollees and \$1,250 (50%) for those in Plan B.

**Example 3:** Employer contributes \$100 per month to each employee who is eligible. In March, Jane quits after receiving \$300 to her HSA. Employer stops additional contributions for Jane. In June, Sara begins employment. In July, employer begins contributing \$100 per month for Sara and contributes a total of \$600. Ted worked for employer the entire year and received \$1,200 in HSA contributions. Employer made comparable contributions.

**Example 4:** Same facts as Example 3, except that the employer waits until the end of the year to contribute rather than on a month-to-month basis. This meets the test. Note: the employer may have to pay employees that left.

**35% Penalty for Failure To Comply.** Example: Consider an employer that wrongly contributed \$1,000 to 10 employees and only \$500 to another 10 employees. That’s a total HSA contribution of \$15,000 x 35% = a potential fine of \$5,250.

**4 Open Employee HSAs.** Confused? Don’t worry, HSA Resources can answer your questions. We have experts available to help with difficult questions, call 866.757.4727, ext 4. Ready to open an employer plan? Just complete the [Employer Contribution Form](#) and mail it to us along with a completed [HSA Application](#) for each employee. HSA account opening questions? Contact a customer service representative at 888.343.4422 or e-mail at [employer@hsaresources.com](mailto:employer@hsaresources.com). Visit us on the web at [www.HSAResources.com](http://www.HSAResources.com)

Page 1 of 2 ©HSA Resources, LLC 2007 Employer Comparability Wkst 8/30/06

Click on form for more details



# Can employees contribute through payroll?

Employees can contribute through payroll deferral if you offer a Section 125 plan.

- **Pre-Tax.** With a Section 125 plan that provides for HSA contributions, the employer can allow pre-tax payroll deferral. This approach has the following advantages:
  - **15.3% FICA/FUTA Savings.** The payroll deferrals are not subject to payroll taxes.
  - **No Comparability Testing.** HSA contributions made pursuant to a Section 125 plan are not subject to comparability testing.
  - **Insurance Premiums.** A Section 125 plan will also allow employees to pay any employee portion of the insurance premium on a pre-tax, pre-FICA/FUTA basis.
- **After-Tax.** Employers can also allow payroll deferral on an after-tax basis. This method is treated the same as if you paid the employee and the employee put the money into the HSA on his or her own. The benefit to the employee is the administrative convenience and the automatic nature of savings.
- **On Their Own.** Employees can also contribute independent of the employer, by (1) simply writing a check or (2) through automatic contribution from the employee's personal bank account.

**HSA RESOURCES**  
Health Savings Accounts Made Easy

## Employer HDHP and HSA Funding Guide

**Purpose:** This form reviews a variety of alternatives for funding high deductible health insurance plans (HDHPs) and Health Savings Accounts (HSAs). Please consult with your tax counsel for assistance in designing and implementing your particular plan.

**Funding of Insurance Premiums**  
Many employers have elected to share the cost burden of health insurance with their employees. The employer paid portion of insurance premiums is generally deductible by the employer as an employee benefit but, without a cafeteria plan, the employee portion of the insurance cost will have to be paid with after-tax income.

**Adding a Section 125 Premium Only Plan (POP).** A Premium Only Plan (POP) is a simple, low cost method that allows employers to make insurance payments via pre-tax payroll deferrals.  
**Employer Benefit:** Employers save payroll taxes on the amounts paid by the employees, typically 7.65% of the amounts paid plus state unemployment taxes (where applicable).  
**Employee Benefit:** Employee insurance payments through a POP are tax-free, resulting in a savings of roughly 15% to 32% in income taxes (depending on the particular employee's tax rate) plus 7.65% for FICA/FUTA.

**Funding of Health Savings Accounts**  
Employers offering High Deductible Health Insurance Plans (HDHPs) also face the choice of whether and how to help their employees with the funding of the employees' Health Savings Account (HSA). The options include:

**Option 1 - Employee Funded, After-Tax on Employee's Own**  
Employees are not required to help with the employees' HSAs and may choose not to. In this case, employees may open HSAs on their own and receive the tax deduction on their personal income tax return resulting in savings of about 15-32% depending upon the tax bracket (there is no savings of FICA/FUTA).

**Option 2 - Employee Funded, Pre-Tax Through Payroll Deferral**  
Employers can help employees fund their HSAs by allowing for HSA contributions via payroll deferral. This is inexpensive and can be accomplished by adding Section 125 POP with an HSA module. The administration is limited because the HSA contribution generally does not cost the work.  
**Employer Benefit:** Employers benefit by not having to pay payroll taxes on the employee's HSA contributions, typically 7.65% of the amounts paid plus state unemployment taxes (where applicable).  
**Employee Benefit:** Employees save 7.65% on payroll taxes on HSA contributions made through this method (FICA and FUTA are not withheld). Plus, the HSA contribution is also never counted as income, saving approximately 15-32% in income taxes (depending upon state and federal tax brackets). Note: HSA contributions made outside of payroll are deductible on personal tax returns.

**Option 3 - Employer Contributions to an HSA**  
Employers may make direct contributions to their employees' HSAs without a Section 125 plan however, the contributions must be "comparable" in order to be tax deductible (see our [Comparability Worksheet](#) for details).  
**Employer Benefit:** Employer HSA contributions are tax deductible by the employer as an employee benefit.  
**Employee Benefit:** Employees receive HSA funds tax-free.

**Option 4 - Employer and Employee Pre-tax HSA Contributions through Payroll Deferral**  
Employers can combine options 2 and 3 (adding a Section 125 POP with an HSA module) allowing themselves and their employees to make tax-free HSA contributions. Employers may contribute some money to the HSAs and the employee can add more through payroll deferral (see our [Contribution Worksheet](#) for contribution limits).

**Achieving further tax savings -- add a Limited Purpose Flexible Spending Account (FSA) to an HSA**  
To maximize tax benefits for health care expenses, employers can add a limited purpose FSA to an HSA. Generally, FSAs are not allowed with HSAs, however, an exception exists for "limited purpose" FSAs (FSAs that are limited to payments for preventive care, vision and dental care). This provides more tax savings and employees use the FSA to pay for the limited purposes expenses and the HSA for other eligible medical expenses.

Note: Special rules apply for sole proprietors, partners and most LLC members and shareholders owning more than 2% of an S-corporation. HSA Resources does not provide tax or legal advice.

**Open your HSAs.** Go to [www.HSAResources.com](http://www.HSAResources.com) and complete the employer enrollment steps. Mail to: HSA Resources, PO Box 7338, St. Cloud, MN 56302. Account opening questions? Call 888.343.4422

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Click on form for more details

# What is a Section 125 plan?

- Section 125 Plan Defined.** A Section 125 plan allows employers to establish a payroll deferral system where the employer is allowed to deduct the amounts contributed to an HSA without including the amount as income to the employees. A "Premium Only Plan" or "POP" allows the employees to defer a portion of their income to pay for the insurance premiums with pre-tax dollars. A POP plan with an HSA option allows employees to defer pay for the insurance premiums and also to make a contribution to an HSA on a pre-tax basis.
- FSA Defined.** A Flexible Spending Account (FSA) is part of a Section 125 plan that allows employees to defer a portion of their income to use to pay for medical expenses. Employees are not allowed to have both an FSA and an HSA, except in very limited circumstances.
- Comparison Chart.** Please see the comparison chart to see the differences between HSAs, FSAs, and Health Care Reimbursement Accounts (HRAs).

**HSA/FSA/HRA Comparison Chart**

**HSA RESOURCES**  
Health Savings Accounts Made Easy

**Purpose:** This chart provides a comparison of Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs) and Healthcare Reimbursement Accounts (HRAs).

Criteria	HSA	FSA	HRA
<b>Overview</b>	HSAs are created at financial institutions in the employees' names and allow them to save and pay for medical expenses tax-free. Requires enrollment in a HDHP.	FSAs allow employees to pay for medical expenses (deductibles, co-pays and services not covered by their plan) tax-free. Requires employer involvement.	HRAs are the funding option that gives employers the most control. Employer determines what services are covered, and retains control over unused funds.
<b>Contributions</b>	Employer - Optional Payroll deferral - Optional Employee direct - Optional	Employer - Optional Payroll deferral - Optional Employee direct - Not allowed	Employer - Required Payroll deferral - Not allowed Employee direct - Not allowed
<b>Tax Savings</b>	Employer - deductible Payroll def - tax free + 7.65% <sup>1</sup> Employee direct - deductible	Employer - deductible Payroll def - tax free + 7.65% <sup>2</sup> Employee direct - not allowed	Employer - deductible Payroll def - not allowed Employee direct - not allowed
<b>Acct Owner</b>	Employee	Employer	Employer
<b>Earnings Investments</b>	Generally interest paid and investments allowed. Earnings grow tax-free.	No earnings paid	Generally, no earnings paid
<b>Eligible Expenses &amp; Distributions</b>	213(d) medical expenses, dental, vision, Medicare and LTC premiums, COBRA (when unemployed), Health premiums at age 65, and may withdraw at any time for any reason (subject to 10% penalty) <sup>3</sup> .	213 (d) medical expenses, dental, vision, dependent care, adoption assistance, health insurance premiums. Cannot access for non-medical reasons.	213(d) medical expenses, dental, vision, Medicare, health insurance premium (at age 65), COBRA (when unemployed) and LTC premium. Cannot access for non-medical reasons.
<b>Claims Substantiation</b>	Only employee required to maintain supporting records. Employer need not review.	ERISA plan - Employer or Administrator must substantiate expenses.	ERISA plan - Employer or Administrator must substantiate expenses.
<b>Employer Involvement</b>	None Required. Employer may contribute and allow for payroll deferral (either after-tax or through a §125 plan).	Required. ERISA Plan	Required. ERISA plan.
<b>Ability to Use for Multiple Year's Expenses</b>	Yes, can save and use current year's contributions for future year's expenses. May also use future year's contributions to cover current year's expense.	No, generally must elect amount prior to the start of the year and then stick with that amount. No or limited ability to roll over for future use.	Employers generally allow some rollover for future year's use; however, money does not go with employee if the employee changes jobs.
<b>Admin Cost</b>	\$25 per yr per employee. Fees often deducted from the HSA and paid by employee.	\$4-6 per month per employee. Fees generally paid by employer.	\$4-\$6 per month per employee. Fees generally paid by employer.

<sup>1</sup> High Deductible Health Plan. See [HSA Resources Eligibility and Contribution Worksheet](#) for details on eligibility  
<sup>2</sup> 7.65% represents FICA/FUTA savings if made through a Section 125 plan. Employees save 7.65% as well.  
<sup>3</sup> See [HSA Resources Comparability Worksheet and Employer Guide](#) for details.  
<sup>4</sup> See [Distribution Worksheet](#) for details.

**Questions? Ready to Open an HSA?** Employers, see our [Employer Resource Center](#). Or, go to [www.hsaresources.com](http://www.hsaresources.com) and look under "Services." HSA Resources, PO Box 7338, St. Cloud, MN 56302. Account opening questions? Call 888.343.4422. HSA Resources does not provide tax advice, for tax questions please consult with your own tax advisor.

Page 1 of 1 ©HSA Resources, LLC 2006 HSA, FSA, HRA Comparison Chart 5/31/2006

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# Are the owners treated differently?

- **Partners/2% S-Corp Owners.** Partners and 2% S-Corp owners are treated differently than other employees for the purposes of HSA contributions. Basically, the contributions are treated as distributions to the partner or 2% owner and then the partner or 2% owner can take an HSA deduction on their personal tax return.
- **Sole Proprietors.** For sole proprietors, the HSA deduction is not taken into consideration in determining net earnings from self-employment. Instead, the deduction is an adjustment to gross income on the individual's personal income tax return.

## Small Business Owner HSA Contribution Guide



**Purpose:** This Guide identifies some of the tax issues of health insurance and Health Savings Accounts (HSAs) for Small Business Owners: sole proprietors, partners, LLC members and >2% shareholders of S-Corporations. HSA Resources [Employer Resource Center](#) covers HSA contribution issues for employees. HSA Resources [Employer Guide](#) covers other issues for employers considering HSAs. Please consult with your tax or legal counsel. HSA Resources does not provide tax or legal advice.

**Overview**  
HSA contributions and health insurance payments for employees are usually deductible expenses for most businesses however, HSA contributions and Health Insurance payments made on behalf of Small Business Owners are subject to different rules. Further, the specific treatment varies depending on the particular form of organization: sole proprietorship, LLC, partnership or S-corporation. A high level overview of the treatment for each organization is discussed further below.

**Sole Proprietors**  
Sole proprietors are treated similarly to individuals making HSA contributions on their own, the sole proprietor may deduct the amount of their HSA contributions and health insurance payments on their personal income tax. Sole proprietors are not allowed to deduct their own HSA contributions as a business expense; however, amounts contributed on behalf of employees may be deductible on their Schedule C. The owner's HSA contribution is not a deduction attributable to the self-employed individual's trade or business so it is not taken as a deduction on Schedule C, nor is it taken into account in determining net earnings from self-employment on Schedule SE.

**Partnerships, LLC's and S-Corporations**  
Partnerships, LLC's and S-corporations are generally treated as flow through entities for purpose of HSA contributions made on behalf of the owners. That is, HSA contributions and health insurance payments benefiting the owners are not deductible by the business but flow through to the owner.

**Partnerships and multiple member LLCs<sup>2,3</sup>** Contributions on behalf of partners by the partnership are treated as distributions to the partners (under §731), they are not deductible by the partnership and do not affect the distributive shares of partnership income and deductions. The contributions are reported as distributions of money on Schedule K-1 and the partner can then take a deduction for the HSA contribution on their personal income tax return. Contributions made pursuant to a Section 125 plan will be added back to the owners as a taxable fringe benefit negating any tax benefit they might have otherwise received from a Section 125 plans.

**Note** – an exception exists for Guaranteed Payments<sup>4</sup> to partners, if the partner is entitled to a Guaranteed Payment from the partnership, then a special rule applies. The HSA contributions are still not treated the same as contributions to other employees. These contributions are deductible by the partnership (under IRC §162) and are includable in the partner's gross income. The contribution is also reported as a Guaranteed Payment on the K-1. The partner can then deduct the HSA contribution on his or her personal income tax return.

**>2% shareholders of S-corporations** – anyone that owns more than 2% of an S-corporation is regarded as an owner of the corporation with regards to HSA contributions. This means the rules above under partnership apply to employer HSA contributions to anyone owning 2% or more of an S-corporation. Plus, they can not make pre-tax contributions to their HSA via a salary reduction. Any contributions made on their behalf by the corporation are taxable and they may be deducted on their personal income tax.

**Notes:**  
1. LLC tax treatment varies state by state, check with your tax counsel for determination of the treatment that applies in your state.  
2. Single member LLCs are treated the same as sole proprietors.  
3. Does not include multiple member LLCs that have elected to be treated as a corporation.  
4. Guaranteed Payments as defined in section 707(c) include contributions by a partnership to a partner's HSA for services rendered to the partnership (See IRS Notice 2005-8 Q&A 2 for further details). Guaranteed payments to partners are reported on the partner's K-1, are not excludable from the partner's gross income and HSA contributions of eligible individuals may be deducted from the partner's personal income tax return.


**Learn More or Open an HSA.** Go to [www.HSAResources.com](http://www.HSAResources.com) and review the [Employer Resource Center](#) for more information. See also HSA Resources' Employer Guide. HSA Resources, PO Box 7338, St. Cloud, MN 56302. Questions? Call 866.757.4727, extension 2 or 4 or e-mail [employer@hsaresources.com](mailto:employer@hsaresources.com).

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# How do employers contribute?

- **Employer Contribution Spreadsheet.** The employer simply sends us a spreadsheet showing the employee allocations. Employers can do this by using our PDF form (shown), an Excel spreadsheet available on our web site, or using their own spreadsheet.
- **Check.** The employer can write a check and send that along with the spreadsheet. An employer can do this just once to get the employees started, annually, or monthly.
- **ACH.** The easier way to set up employer contributions is automatically through the ACH system. We collect the employer's bank routing information and debit the employer's account for the amount.
- **Changes/List Bill.** The employer is responsible for providing a new spreadsheet either with each contribution or anytime there is a change. For employers that desire a reminder, we offer a List Bill service, where we will send a monthly reminder of the amount and the allocation. This service costs \$5 a month.



## Employer Information Worksheet

- 1 **Company Information**

Company Name: \_\_\_\_\_  
 Street Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Contact Name: \_\_\_\_\_  
 Contact phone: \_\_\_\_\_  
 Contact email: \_\_\_\_\_
- 2 **Plan Information**

Number of Employees: \_\_\_\_\_  
 No. HSA participants: \_\_\_\_\_  
 Individual Deductible Levels: \_\_\_\_\_  
 Family Deductible Levels: \_\_\_\_\_  
 HDHP Start Date: \_\_\_\_\_  
 Health Insurance Agent: \_\_\_\_\_
- 3 **Employer Contributions to HSA (check all that apply)**

Payroll Deferral or Employer Contributions through ACH  
 Date: \_\_\_\_\_ 15th of the Month \_\_\_\_\_ 30th of the Month  
 Contribution Information: [Complete Employer Contribution Worksheet](#)  
 A representative from our ACH department will contact you to complete the ACH process: (1) complete agreement, (2) verify amounts and process and (3) to answer any questions you have. Please call Peggy Larsen, Support Coordinator, if you have questions: Direct: 320-258-5718, Toll Free: 888-565-8300, Fax: 320-323-4488, e-mail: [customerservice@hsaresources.com](mailto:customerservice@hsaresources.com).  
**Employer Contributions by check (make checks payable to HSA Resources)**  
 Employer elects to make additional contributions on a monthly, annual or periodic basis at its discretion. Checks may be sent to HSA Resources at any time but must be accompanied by an Employee Contribution Spreadsheet.  
 To open accounts please submit funds for the \$25 Set-up fee per employee plus the Initial Contribution.  
 Note: the \$25 Annual Fee will automatically be debited from the individual's HSA annually. For employers seeking to pay the \$25 annual fee directly - please contact us to arrange payment.
- 4 **Submission Information**

Questions? Please contact us for help. Fax or e-mail completed form for quicker service.

<u>Contact Us</u>	<u>Mailing Address:</u>
Fax: 320.323.4488	HSA Resources, LLC
Email: <a href="mailto:Employer@HSAResources.com">Employer@HSAResources.com</a>	PO BOX 7338
Phone: 866.757.4727, extension 2	St. Cloud, MN 56302

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# How much can employees contribute?

## ■ General guidelines

- Employees may contribute the lesser up to:
  - \$2,850 for individuals (2007 limits)
  - \$5,650 for families (2007 limits)
  - PLUS Catch-up Contribution of \$800 for those age 55-65 Prorated for those not covered by an HDHP for the entire year

## ■ Contribution Worksheet. The Eligibility and Contribution worksheet to the right can help employees determine how much they can contribute.

### 2007 HSA Eligibility and Contribution Worksheet



**HSA RESOURCES**  
Health Savings Accounts Made Easy

**Purpose:** Use this form to verify your eligibility for an HSA and determine the amount you may contribute. You are responsible for properly determining your eligibility and contribution amount. This worksheet is simply a tool to aid you in that effort. If you have any questions, please consult with your tax or legal counsel. Caution: The laws changed for 2007 and this Worksheet does not apply to contributions made in 2007 for 2006.

**1 HSA Eligibility.** You must answer "True" to each of the following in order to be eligible for an HSA. See definitions on back for help.

a. I am covered under an HDHP	True	False	
b. I am not covered by another non-HDHP health plan other than "permitted insurance"	True	False	Not Eligible
c. I am not eligible for Medicare (age 65) or if I am eligible, I am not enrolled in Part A or B.	True	False	
d. I am not a dependent on another person's tax return	True	False	

**2 Contribution Amount.** Use the table below to determine your amount.

Contribution Worksheet		Individual	Family
<b>A</b>	Federal Limit*	\$2,850 (2007)	\$5,650 (2007)
<b>B</b>	Catch Up Contribution* – if Age 55 to 65 + \$800		
<b>C</b>	Total (add Federal Limit plus Catch-Up)		

\*Issues that Impact Contribution Amounts. A number of issues potentially affect the amount of your HSA contribution.

**A. Mid-Year Eligibility.** If you become eligible for an HSA sometime during the year, rather than on January 1, you can still contribute and deduct the full amount of the Federal Limit above. However, if you fail to maintain your eligibility for a testing period then the amount you contributed under this rule is subject to taxation and a 10% penalty. An exception applies if you cease to be eligible because of disability or death. The testing period is the period beginning in the last month of the taxable year and ending on the last day of the 12th month following such month. For example, you enroll in a HDHP on December 1, 2007 and are eligible for an HSA starting in that month. Assuming single coverage, you can and do contribute the full \$2,850 for 2007. If you then cease to be eligible in June 2008 due to a new job that provides traditional health care coverage, an amount equal to 1/12 of your 2007 contribution is included in income and subject to a 10% penalty. If you had started the HDHP plan on November 1, then 10/12 of the contribution would need to be included in income.

**B. Lesser Deductible Limit.** If your HDHP deduction limit is less than the federal limit, you are allowed to contribute up to the federal limit. For example, if you are covered under a \$1,500 deductible HDHP single coverage policy, you can contribute \$2,850 to your HSA even though your deductible amount is only \$1,500. Prior to 2007, HSA contributions were limited to the lesser of the HDHP deduction amount or the federal limit.

**C. Multiple HSAs.** The Total contribution amount may be split among multiple HSAs. For family coverage, the amount may be split between eligible spouses' HSAs.

**D. FSA/HRA Transfers.** In limited circumstances you are allowed to transfer funds from a health Flexible Savings Account (FSA) or Health Reimbursement Account (HRA) into an HSA. These transfers do not count against your federal limit. See the back for details.

**E. IRA to HSA Transfers.** You are allowed a one time transfer of funds from your Individual Retirement Account into your HSA. This is limited to the amount you are eligible to contribute for the year and counts against that contribution (i.e. you cannot put in more than the Federal Limit counting any IRA transfer). You cannot deduct the amount transferred from an IRA to an HSA, however, the amount taken from the IRA is not taxable as a distribution from the IRA.

**F. Employer Contributions.** Caution: Employer contributions made to your HSA count towards your total contribution amount but may not be deductible from your personal income.

\*Catch-Up Contributions. For individuals (and their spouses covered under the HDHP) between ages 55 and 65, the HSA contribution limit is increased to \$800 for 2007. If both you and your spouse are between age 55-65, you each get a catch-up. You cannot contribute more than \$6,450 (\$5,650 +\$800) into one HSA for 2007. Catch-up contributions should be made into each spouses' respective HSA.

Catch-Up Amount	Tax Year	2006	2007	2008	2009
	Amount		\$700	\$800	\$900

**3 Open an HSA.** Go to [www.HSAResources.com](http://www.HSAResources.com) and complete a short Application and send it to HSA Resources, PO Box 7338, St. Cloud, MN 56302. Account opening questions? Call 888.343.4422

©HSA Resources, LLC 2007 Eligibility Wkst 1/11/07

Click on form for more details



# How do employees get the tax benefit?

## ■ Contributions


- **Payroll deductions.** Employers must report contributions on the W-2. Pre-tax amounts are not included as income as the W-2 so the employees cannot deduct the amount. (Most states also allow state tax deductions for HSAs – but not all)
- **Personal contributions.** Amounts contributed directly by employees (including after-tax payroll deferral amounts), may be taken as an “above the line” deduction (federal taxes). Meaning the employees do not have to itemize to get the tax benefit. (No FICA/FUTA benefits)

## ■ HSA Account

- Earnings growth in the HSA are tax-exempt
- Distributions are tax-free when used for qualified medical expenses

- **Tax Savings Worksheet** - The Tax Savings Worksheet to the right can help your employees estimate potential tax savings.

### HSA Tax Savings Worksheet



**HSA RESOURCES**  
Health Savings Accounts Made Easy

**Purpose:** This Tax Guide provides an estimate of your personal HSA tax savings. You are ultimately responsible for understanding your tax situation and you should consult with your tax or legal counsel for specific questions.

**1 Income Tax Savings.** The amount contributed to your HSA may be eligible for federal and state tax deductions. Complete the chart below to estimate your tax savings.

A. **HSA Contribution Amount** – Enter the amount you intend to contribute to your HSA in Section A. Use HSA Resources’ [Eligibility and Contribution Worksheet](#) to determine your maximum amount.

B. **Federal Tax Rate** – Use the Federal Tax Table below to determine your marginal Federal tax rate based on your “taxable” income and enter it in Section B (see pg 2 of this form for additional details).

Single		Married Filing Jointly	Marginal Tax Rate
\$0-\$7,300		\$0-\$14,600	10%
\$7,301-\$29,700		\$14,601-\$59,400	15%
\$29,701-\$71,950		\$59,401-\$119,950	25%
\$71,951-\$150,150		\$119,951-\$220,450	28%
\$150,151-\$320,450		\$320,451-\$640,900	33%
\$320,451+		\$640,901+	35%

A	HSA Contribution Amount	
B	Federal Income Tax Rate	
C	Estimated Federal Income Tax Savings (Multiply A x B)	
D	State Income Tax Rate	
E	Estimated State Income Tax Savings (Multiply A x D)	
F	Estimated Income Tax Savings (Add C + E)	

C. **Federal Tax Savings** - Multiply your HSA Contribution (A) by your Federal Tax Rate (B) and enter the result in Section C.  
D. **State Tax Bracket** - You may also be eligible for an HSA state income tax deduction. If your state has an income tax and allows you to deduct your HSA contribution, then enter your personal State Tax Bracket in Section D. States that provide for an HSA tax deduction include: AZ, CO, CT, DE, GA, ID, IL, KS, LA, MD, MI, MN, MO, MT, NE, NM, NY, ND, OH, OK, OR, UT, VT, WV.  
E. **State Tax Savings** - Multiply your HSA Contribution (A) by your State Tax Rate (D) and enter the result in Section E.  
F. **Total Income Tax Savings** - Add the Federal Savings (C) and the State Savings (E) to get an estimate of your Total Tax Savings.

**2 Other Tax Benefits** You may also obtain other tax benefits from owning an HSA.

A. **Tax Deferred Earnings.** Earnings on HSA assets are not subject to tax and are allowed to grow tax-free while held within the HSA. This works similar to investments in other tax-deferred plans like 401k or IRA plans.

B. **FICA and FUTA Tax Savings** - Employer contributions made to your HSA or contributions made through an employer provided Section 125 Cafeteria Plan are eligible for additional tax savings. These HSA contributions are not subject to taxes for Social Security and Medicare taxes, FICA, (6.2% for individual plus another 6.2% for the employer) or Federal Unemployment Taxes, FUTA, (1.45% for individuals plus another 1.45% for employers), providing an additional 7.65 % tax savings for you and for your employer.

**3 How it works, Federal Tax Deduction for HSAs.** Either your HSA contribution is never counted as income to you or you may deduct your eligible HSA contribution directly on your tax return.

A. **Employer HSA Contributions.** Generally, employer contributions are not considered income to you because the contribution is made pre-tax and not included on your W-2.

B. **Non-Employer HSA Contributions.** Your HSA is a direct deduction from your Adjusted Gross Income, this means that every dollar contributed reduces your taxable income. You do not have to itemize your taxes to receive this benefit.

1040 U.S. Individual Income Tax Return 2005

Adjusted Gross Income	24	Contributions (expenses) of qualified plans, IRAs, and health savings accounts. Attach Form 2106 or 2106-EZ.	24		
	25	Health savings account deduction. Attach Form 8889.	25		
	26	Minor amounts. Attach Form 1099.	26		

**4 Open your HSA.** Go to [HSAResources.com](http://HSAResources.com), complete the short Application and send it to: HSA Resources, PO Box 7338, St. Cloud, MN 56302. Account opening questions? Call 888.343.4422

Click on form for more details

# What medical expenses are covered?

■ **Most medical expenses covered**

- Doctor visits
- Hospital expenses
- Prescription drugs
- Optical care
- Dental

■ **Who is covered**

- The employee (self)
- Spouse and dependents (regardless of whether they are covered under your insurance plan – the HSA can be used for a spouse even if covered under a different health plan)

■ **Qualified Medical Expense Listing.** The Listing to the right can help you employees determine which expenses are qualified and which are not. The list is on the Employee Resource Center.

QUALIFIED MEDICAL EXPENSES

- Abortion	- Neurologist
- Acupuncture	- Nursing services
- Alcoholism treatment	- Out-of-pocket expenses for your spouse/dependent
- Ambulance services	- Obstetrician
- Anesthesiologist	- Operating Room expenses
- Artificial limbs	- Operations (except cosmetic)
- Artificial teeth	- Ophthalmologist
- Bandages	- Optician
- Birth control pills (by prescription)	- Oral Surgery
- Breast reconstruction surgery (mastectomy)	- Orthopedic Shoes
- Blood tests	- Orthopedist
- Braces	- Osteopath
- Braille books/magazines	- Oxygen (for equipment to relieve breathing problems)
- Car modifications req'd for accessibility	- Pediatrician
- Cardiographs	- Physician
- Chiropractor	- Postnatal treatments
- Christian Science Practitioner	- Prenatal care
- Contact lenses (including cost of materials)	- Prescription drugs
- Contraceptives	- Prosthesis
- Crutches	- PSA test
- Dental treatment (except cosmetic treatment)	- Psychiatric care
- Dermatologist	- Psychoanalysis
- Diagnostic devices and fees (Includes expenses related to diagnosing and treating illness such as blood sugar tests for diabetics)	- Psychologist
- Disabled dependent care	- Registered nurse
- Drug addiction therapy (covers inpatient treatment including meals and lodging)	- Spinal fluid test
- Eyeglasses (including exam fees)	- Splints
- Eye surgery (includes laser eye treatments)	- Sterilization
- Fertility treatments	- Stop Smoking Programs (except non prescription drugs)
- Guide dogs	- Surgeon
- Gynecologist	- Therapy
- Hearing aids	- Transplants
- Hospital services	- Transportation essential to medical care
- Insulin	- Vaccines
- Insurance premiums (only if receiving unemployment benefits)	- Vasectomy
- Laboratory tests	- Vision correction surgery
- Lead based paint removal (only removal, not repainting)	- Weight loss programs (only amounts related to treatment for specific diseases)
- Legal Fees req'd to mental illness treatment	- Wheelchairs
- Medical Services	- X-rays
- Medicines (prescribed)	
- Non-prescription medicine (insulin)	

**HSA RESOURCES**  
Health Savings Accounts Made Easy

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# Can the HSA be used for other purposes?

- **Savings Rolled Over.** Unused funds remain in the HSA and continue to grow, tax-free, year after year.
- **Pay COBRA if you become unemployed.** Employees that separate from service may pay for COBRA insurance premiums through their HSA.
- **Long term care insurance.** Subject to certain limitations, the HSA can be used to pay for long term care insurance.
- **Pay insurance premiums at age 65.**
- **Use as Retirement Fund at Age 65.** At age 65, you can take money out of the HSA for non-medical reasons without penalty.

The Distribution Worksheet gives your employees a step-by-step guide to determine how they can use their HSA and what are the consequences.

## HSA Distribution Worksheet



**HSA RESOURCES**  
Health Savings Accounts Made Easy

**Purpose:** Use this worksheet to guide you in determining the federal income tax consequences of HSA distributions. Please consult with your tax or legal counsel for questions. See page 2 for more details.

**1 Is your distribution for an "eligible" medical expenses?** The primary purpose of an HSA is to use the funds to pay for the health care expenses of yourself and dependents. Distributions for eligible medical expenses are tax-free and penalty-free.

- a. **Was the expense incurred by yourself or a family member?** HSA funds may only be used for yourself, your spouse and your dependents. Note: there is no requirement that you or your family member be currently covered by a HDHP. Coverage under a HDHP is only important when contributing to an HSA, not in being allowed to use the funds. See [HSA Resources Eligibility and Contribution Worksheet](#) for detail on contributing to an HSA.
- b. **Was the expense incurred after the HSA was established?** You must open your HSA before you incur the medical expense. This is a good reason to open your HSA when your policy becomes effective. Once your HSA is open you can use your HSA funds to pay for eligible medical expenses incurred now or in the future. You can even pay for current expenses out of future contributions or reimburse yourself for eligible medical expenses that you paid for with other funds, just reimburse yourself via the ACH feature of your HSA Resources account or write yourself a check.  
*Example: you incur a \$2,000 eligible medical expense this year but only have \$500 in your HSA. You can pay \$500 out of the HSA and the other \$1,500 out of other funds. You can then pay yourself back with future year HSA contributions (provided you remain eligible to make HSA contributions).*
- c. **Is your expense Eligible?** Most traditional medical expenses such as doctor visits and prescriptions are covered, see page 2 for a list of eligible expenses.  
Note: HSA Resources does not review your medical expenses for eligibility. You should save receipts and keep a tax record in case of an IRS audit. Use the [HSA Resources Medical Expense Tracking Sheet](#) for this purpose.

**2 Does your distribution qualify for another tax-free and penalty-free exception?**

Long-term Care	Long-term care insurance is an eligible expense subject to dollar limitations – see page 2.
COBRA Benefits	Paying for COBRA continuation health benefits with your HSA is tax-free and penalty-free.
Insurance premiums	Health coverage for an HSA owner that has attained the age of 65 is eligible (see back for detail).
Medicare Premiums	Where premiums for Medicare are deducted from Social Security benefits, an HSA distribution to reimburse the Medicare beneficiary equal to the Medicare premium deduction is a qualified medical expense.
Rollover/Transfer	A rollover or transfer to another HSA is not taxed or penalized so long as the rollover is completed within 60 days and you have not completed another rollover within the previous 12 months.

**3 Does your distribution qualify for a taxable, but penalty-free exception?**

Age 65 or over	Non-medical distributions after age 65 are not penalized but are taxable (similar to IRAs and 401(k)s).
Death/Inheritance	Distributions to named beneficiaries of HSAs are not penalized but are taxed. Spouse beneficiaries can treat the HSA as their own and are not subject to tax or penalty – see page 2.
Disability	Distributions taken by disabled persons are not penalized.

**4 If you do not meet any of the above you are subject to taxes plus a 10% penalty.**  
See back (p.2) for additional exceptions and distribution reasons.  
*Example: a 25 year old takes a \$1,000 distribution from his HSA to pay for a new motorcycle for recreation. The motorcycle is not an eligible medical expense so the \$1,000 distribution is taxable and subject to a 10% penalty (\$1,000 x 10% = \$100). Non-eligible distributions are reported on IRS Form 8889 along with your income tax return.*

**5 Confused about a distribution? Need an HSA?** Don't worry, HSA Resources can help. For questions, contact a customer service representative at 888.343.4422. To open an account [click here](#), complete the application and send it along with your initial deposit to HSA Resources, P.O. Box 7338, St. Cloud, MN 56302.

Page 1 of 2 ©HSA Resources, LLC 2005 HSA Distribution Worksheet 2/10/06

Click on form for more details



# How does the employer administration work?

- **Limited Employer Involvement.**
  - **No Review of Claims.** The employer is not responsible to review employee receipts or claims.
  - **No Reimbursement Checks.** Employers are not responsible to reimburse employees for eligible medical expenses.
  - **No Liability for Wrongful Distributions.** Employers are not liable if an employee uses funds for non-eligible expenses.
  - **Contributions.** Employers are not required to make HSA contributions, but if you do, you do need to follow rules (see previous slides).
- **HSA Resources Provides:**
  - Government Reporting
  - Statements to Employees
  - Account balance recordkeeping



Welcome Services Forms Accounts Agents Contact

Employer HSA Resource Center [Open An Account](#)

**Employer Links**

- Overview
- Education
- Enrollment
- Administration
- Forms
- Tools
- FAQs

**Employee Links**

- Overview
- Education
- Forms
- Tools
- FAQs

**Contact Us**

p. 866.757.HSAs (4727)  
f. 320.323.4488  
e-mail

**Employer Overview**

Welcome to the Employer Resource Center. You can find everything you need here to understand, establish and maintain Health Savings Accounts. Before we dive into an overview of HSAs (below), we want to point out this Center's key features for employers:

- **Education** - a variety of materials to help you better understand HSAs; including: education materials, a proposal detailing our services, FAQs, and articles.
- **Enrollment** - step-by-step instructions for employers opening HSAs, links to obtain HSA assistance and materials to help educate employees.
- **Administration** - details the administration services we provide to service your employees' HSAs.
- **Forms and Tools** - direct access to our extensive list of tools and forms; both for initial set-up as well as ongoing administration.
- **Employee Resource Center** - a place for employees to conduct HSA business such as: changing beneficiaries, requesting withdrawals, looking up account balances, or conducting other HSA business.

**What is an HSA?**

Health Savings Accounts are savings accounts that allow individuals to pay for qualified out-of-pocket medical expenses using pre-tax dollars. Unlike more traditional health care accounts, the funds in an HSA belong to the individual, not the employer or the insurance company, and travel with the individual. In order to take advantage of this tax deferred savings new benefit, individuals must purchase a specific type of health insurance coverage called a High Deductible Health Plan (HDHP).

Click on form for more details

# How do employees manage their HSAs?

- **Employer Resource Center.** HSA Resources Employee Resource Center provides answers and tools for your employees.
- **Change Personal Information.** Employees self-administer changes in name, address, beneficiary information, etc. through tools available on our web site or by calling.
- **Contribution Changes.** If the employee is making automatic contributions from his or her own banking account, then that change can be made through tools available on the Employee Resource Center.
- **HSA Questions.** The Employee Resource Center provides tools to answer key HSA questions
  - Contribution Amount
  - Tax Deduction
  - Distribution Reasons
  - Eligible Medical Expenses
  - Frequently Asked Questions



Welcome Services Forms Accounts Agents Contact

Employee HSA Resource Center [Open An Account](#)

**Employer Links**

- Overview
- Education
- Enrollment
- Administration
- Forms
- Tools
- FAQs

**Employee Overview**

**What is an HSA?**  
Health Savings Accounts are savings accounts that allow individuals to pay for qualified out-of-pocket medical expenses using pre-tax dollars. Unlike more traditional health care accounts, the funds in an HSA belong to the individual, not the employer or the insurance company, and travel with the individual. In order to take advantage of this tax deferred savings new benefit, individuals must purchase a specific type of health insurance coverage called a High Deductible Health Plan (HDHP).

High Deductible Health Plan + Health Savings Account

**What is an HDHP?**  
An HDHP is a different type of health plan. Under an HDHP individuals are covered for large expenses and pay for their day-to-day expenses, usually up to the amount of the deductible. In order to meet the requirements an HDHP must have a deductible of at least \$1,050 for individuals or \$2,100 for families plus certain total out-of-pocket expense maximums.

**Contact Us**  
p: 866.757.HSAs (4727)  
f: 320.323.4488

Click on form for more details





# How do employers and employees enroll?

If the employer will be making contributions for employees either directly or by allowing payroll deferral, the following steps are necessary. Otherwise, skip to step 3.

## 1 Complete the Employer Information Sheet and Spreadsheet

The [Employer Contribution Worksheet](#) gathers basic information about the employer and asks questions about how you will run your HSA program.


The Employee Contribution Worksheet (the last page in this excel file) collects information necessary to allocate the employer contribution to employees' HSAs. You can send your own allocation sheet if you prefer.

## 2 Have your Employees Complete Their Applications

Each employee needs to complete and sign an [HSA Application](#). If the employer will be making contributions – employees can skip all of section 2. Note: if your employees are transferring funds from another HSA custodian they need to complete and sign a [Transfer Form](#) in addition to their HSA Application.

## 3 Submit Completed Applications

Congratulations you're done. Send your completed documents to:  
HSA Resources, PO Box 7338, St. Cloud, MN 56302



### Employer Information Worksheet

- 1 Company Information**  
 Company Name: \_\_\_\_\_  
 Street Address: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_  
 Contact phone: \_\_\_\_\_  
 Contact email: \_\_\_\_\_
- 2 Plan Information**  
 Number of Employees: \_\_\_\_\_  
 No. HSA participants: \_\_\_\_\_  
 Individual Deductible Levels: \_\_\_\_\_  
 Family Deductible Levels: \_\_\_\_\_  
 HDHP Start Date: \_\_\_\_\_  
 Health Insurance Agent: \_\_\_\_\_
- 3 Employer Contributions to HSA (check all that apply)**  
 Payroll Deferral or Employer Contributions through ACH (for employer or employee via payroll)  
 Date:  15th of the Month  30th of the Month  Other \_\_\_\_\_  
 Contribution Information: [Complete Employee Contribution Worksheet](#)  
 A representative from our ACH department will contact you to complete the ACH process: (1) complete agreement, (2) verify amounts and process and (3) to answer any questions you have. Please call the Support Coordinator, if you have questions: Direct: 320-258-5718, Toll Free: 888-565-8300, Fax: 320-323-4488, e-mail: customerservice@hsaresources.com.  
 Employer Contributions by check (make checks payable to HSA Resources)  
 Employer elects to make additional contributions on a monthly, annual or periodic basis at its discretion. Checks may be sent to HSA Resources at any time but must be accompanied by an Employee Contribution Spreadsheet.  
 To open accounts please submit funds for the \$26 Set-up fee per employee plus the Initial Contribution.  
 List Bill. Please check here if you want to receive a "list bill." We offer a free list bill service via e-mail (\$5/month via US mail). The list bill is a list of your employees and their contribution amount. You simply update it for new employees, terminated employees or changes in contribution amounts and fax it to us.  
**Annual Fee.** An annual fee of \$25 per year applies. The first year's annual fee is payable in the second month after the HSA is established and then annually after that (in the same month each year). Please note: if you do not choose, the \$25 Annual Fee will automatically be debited from the individual's HSA annually.  
 Employer to Pay Annual Fee. If the employer intends to pay the annual fee and check this box. We will bill for the first annual fee at the end of the first full month after the HSAs are opened or you can pay at the time of set-up if you want to do so.  
 Employee to Pay Annual Fee. Annual fees will be deducted from employee HSAs.
- 4 Submission Information**  
 Questions? Please contact us for help. Fax or e-mail completed form for quicker service.  
 Contact Us: \_\_\_\_\_ Mailing Address: \_\_\_\_\_  
 Fax: 320.323.4488 HSA Resources, LLC  
 Email: [Employer@HSAResources.com](mailto:Employer@HSAResources.com) PO BOX 7338  
 Phone: 866.757.4727, extension 2 St. Cloud, MN 56302

Click on form for more details

# Any other employer services available?

- **Employer Consult.** HSA Resources provides a consultation to discuss HSA plan related issues.
- **Employee Education Tools.** We provide a variety of tools for employers to distribute to employees.
  - Right Choice Brochure
  - HSA Overview Brochure
  - HSA Guide
- **Enrollment Meeting Participation.** HSA Resources will participate in an enrollment meeting via telephone at your request.
- **Section 125 Plan.** We offer a Section 125 plan for employers and/or employees seeking to may pre-tax payroll HSA contributions.
- **Telephone Support.** We support employers.

### When is a section 125 plan the right approach?

- You want employees to make contributions through payroll deferral on a pre-tax basis
- You want to take advantage of the Pre-FICA/FUTA nature of employee contributions
- You have enough employees to cover the small cost of a Section 125 plan (generally 3 or more)
- Your employees will be paying a portion of the premium expense - the Section 125 plan lets you do it on a pre-tax, pre-FICA/FUTA basis
- We offer a special "limited" administration Section 125 plan to accomplish these objectives.

# What does the HSA offer?

- **FDIC Checking Account**
  - Write checks for medical expenses or reimburse yourself
  - Free starter checks
- **Free Debit Card**
  - No usage charges
- **Free ACH Transfers**
  - Payroll deferral to fund accounts
  - Transfer funds electronically
- **Free Online Access/Internet Banking**
- **Interest Paid on All Deposits**
  - Tiered interest rate that grows as your balance grows
- **Brokerage Account**
  - \$14.95 trades
  - 4.00% interest on money market (Summer 06)
- **Exceptional Service**
  - Phones answered by live people trained in HSAs
  - Superior tools, web site, material available
- **Mailed Statements** (monthly, if activity)

*On Sunday I sent an Application to HSA Resources. Today, Wednesday, I received my checks and information packet. These people know how to do Business!*

*Recent Customer Comment*

See [Services and Fees](#) on our web site for a more comprehensive listing

# What does this cost?

Implementing and administering an HSA is very cost effective when you use HSA Resources.

## ■ HSA Fees

- \$25 set up fee per employee\*
- \$25 annual custodial fee – NO MONTHLY FEES

## ■ How Paid

- **Employer Paid.** Employers may pay some or all of the fees at the employer's discretion.
- **Employee Paid.** The annual fee will be deducted directly from the HSA.

\*call for quote if more than 50 employees



# Contact Information

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## ■ Information sources

- [HSA Resources Web Site](http://www.hsaresources.com)  
<http://www.hsaresources.com>
- [United States Treasury Web Site on HSAs](http://www.ustreas.gov/offices/public-affairs/hsa/) <http://www.ustreas.gov/offices/public-affairs/hsa/>

## ■ Employers – Contact Information

- [Visit our Employer Resource Center](http://www.hsaresourcesbank.com/rc/Employer_Resource_Center.php)  
[http://www.hsaresourcesbank.com/rc/Employer\\_Resource\\_Center.php](http://www.hsaresourcesbank.com/rc/Employer_Resource_Center.php)
- See “Enrollment” for enrollment instructions
- Employer questions – 866.757.4727 x2 or x4 to talk with Whit or Steve

## ■ Employees – Contact Information

- [Visit our Employee Resource Center](http://www.hsaresourcesbank.com/rc/Employee_Resource_Center.php)  
[http://www.hsaresourcesbank.com/rc/Employee\\_Resource\\_Center.php](http://www.hsaresourcesbank.com/rc/Employee_Resource_Center.php)
- Visit our Employee Resource Center
- Employee questions – 888.343.4422 to talk with Jessica or Bernie