



AMERICAN BENEFITS GROUP

Empowering Technology. Exceptional Service.

Health Savings Accounts Employers Guide

Employers Guide to Health Savings Accounts

A Health Savings Account (HSA) is a tax-advantaged medical savings account available to individuals enrolled in a high deductible health plan. Funds put into an HSA are not subject to federal income tax at the time of deposit.

The demand for HSAs is growing as employers and individuals realize the advantages of consumer-driven health care. The WealthCare HSA is fully integrated with all of our pre-tax benefits plans. It's easy to open, easy to use, and easy to manage. To open an HSA, individuals must first have a Qualifying High Deductible Health Plan (QHDHP).

WealthCare HSA is that easy!

Easy To Open

- Online enrollment creates a virtually paperless environment for employees
- No minimum balance is required when opening a WealthCare HSA

Easy To Use

- It's a seamless solution: employees have complete access to all their benefits accounts (e.g. HSA and limited FSA) on one platform
- A single login gives employees online access to their HSA as well as their investment options
- Employees can access their HSA dollars with either the ABG Benefits Card or through direct bill pay online

Easy To Manage

- An array of mutual funds, including an interest bearing account, gives employees competitive investment choices that are attractive to both novice and experienced account holders
- HSA contributions are automatically swept into the employees' investment accounts when they meet the necessary cash account balance; no need to manually move funds between accounts
- HSA deposits are FDIC insured

Employer Advantages

- Flexibility in controlling benefit costs
- Employee retention and attraction
- Tax savings on every dollar employees put into the plan through payroll deductions

Employee Advantages

- Tax savings (Either pre-tax by the employer or with personal tax deductions)
- Budgeting for current or future medical expenses
- May use the funds as claims are incurred or save for future medical expenses
- Tax-free interest or investment earnings



Qualified HDHP Requirements

A QHDHP has deductible and out-of-pocket requirements. The 2018 QHDHP requirements are:

Minimum Deductible: Single \$1,350 | Family: \$2,700

Maximum Out-of-pocket: Single: \$6,650 | Family: \$13,300

Top Ten Reasons to Open a WealthCare HSA

- 1 Tax-advantaged:**
Contributions are tax-free, potential interest gains accumulate tax-free and distributions are tax-free when used to pay for qualified medical expenses.
- 2 Flexible:**
At age 65, any remaining HSA funds can be withdrawn for non-medical reasons without penalty. Money withdrawn for non-medical reasons will be subject to income tax and may be subject to an additional 20% tax.
- 3 Portable:**
The employee owns all HSA account funds. Unlike an FSA, the accumulated balance in the account rolls over from year to year. Accounts move with employees even if they change employment or retire.
- 4 Convenient:**
The ABG Benefits Card provides employees with an easy and convenient way to access HSA contributions.
- 5 Independence:**
Employers prefer the long-term viability of an independent administrator. The relationship the employer has with their HSA administrator or HSA custodian remains consistent, along with all plan processes and resources, even if the employer switches to a different insurance plan.
- 6 Savings solution for future health needs:**
Unused contributions accumulate and can be saved and used for future medical expenses or to supplement retirement income. For example, unused funds can be used to pay COBRA or other medical insurance premiums during periods of unemployment or temporary layoff.
- 7 Customized banking solutions:**
Our world-class trustee partners are mutual, FDIC-insured financial services providers that specializes in delivering Internet-enabled banking services to affinity groups nationwide. This partnership enables us to provide clients with a customized banking experience.
- 8 Investment options:**
Employees can select from a spectrum of investment options to match their preferred investment style. Investments are offered through Devenir, a subsidiary of Alegeus.
- 9 Record keeping:**
The WealthCare portal provides employees the ability to set-up HSA deposits and withdrawals; view transactions, bank statements and required information for IRS year end reporting.
- 10 Monthly Statements:**
Sent when the account has any activity (Quarterly Statements are sent to all account holders regardless of activity).



**WealthCare HSA
allows 24/7 access to:**

- Account balances and history
- Deposit and payment capabilities
- Important forms and documents
- Up-to-date history
- Recent news and benefits updates
- Account statements
- Investment options

Plan Service Provider

As a Plan Service Provider (PSP), American Benefits Group is authorized by our bank custodian trustees, to help account holders set up and manage their accounts in the most beneficial and compliant manner possible.

American Benefits Group (Plan Service Provider)	Alegus (Debit Card Provider)	Custodial Bank (Trustee)
<ul style="list-style-type: none"> • Manage relationship with employer • Manage enrollment/eligibility • Monitor employee's liquid account balance • Provide tier one customer service 	<ul style="list-style-type: none"> • Issue Cards and card-holder information • Transfer information to American Benefits Group • Validate member account balances • Process point-of-sale transactions from Master-Card Networks 	<ul style="list-style-type: none"> • Create custodial accounts for employees • Provide welcome communication to employees • Process contribution data (employer and employee credit accounts) • Fund debit transactions with sponsor bank • Transfer information to Alegus • Provide account statements and reporting (1099 & 5498) • Transfer terminated accounts to individual HSAs • Provide customer service

American Benefits Group is exclusively authorized by our banking partners, the HSA trustees, to assist HSA account holders in the establishment and management of their accounts. Through amben.com/WealthCare we deliver a dynamic full service administrative solution that fully connects the HSA with other employer-sponsored reimbursements accounts.

HSA Conditions

- The employee must participate in a QHDHP
- The HSA is “owned” by the employee
- The employee decides how much to contribute based on his/her out-of-pocket expenses
- Employer and employee contributions combined may not exceed the IRS maximum contribution (see below)
- Claim substantiation is maintained by the employee
- Eligible claims may be reimbursed at the point of purchase or at a later date as determined by the employee
- Both the employee and the employer may contribute to an employee’s HSA; over 50 percent of employers contribute to employee HSAs
- Employer contributions may be made in one lump sum at the beginning of the plan year or pro-rated throughout the year
- HSA funds are not available to employees until they are in their accounts
- HSA funds may be used for qualified medical expenses of the employee, spouse and dependent children

Contributions

Contributions to the HSA may be made by the employer and/or employee. In fact, contributions may be made by any person, however, only the employee will receive the preferred tax treatment. Some studies show that employers can save 20 to 30 percent in premiums with a QHDHP.

The employer may choose to use all or a portion of those savings as HSA contributions. Contributions must follow the comparability rules or the Section 125 nondiscrimination rules if run through the Premium Only Plan (POP).

If an employee terminates employment, he/she maintains ownership of the HSA. However, if an employee doesn’t enroll in a QHDHP after leaving employment, he/she may continue to use HSA funds for eligible medical expenses, but can no longer contribute to it. An employee must enroll in another QHDHP to contribute to the HSA.

Tax Treatment

There are two ways to receive a tax credit for HSA Contributions:

- The employer may pre-tax employee contributions through a Section 125 (e.g. POP)
- The employee may use an above-the-line deduction when filing taxes

If the tax credit is through a Section 125 plan, the document must state it accordingly.

A self-employed individual of an S Corporation or LLC cannot pre-tax an employee HSA contribution through a Section 125.

2018 HSA Contribution Limits

Single: \$3,450

Family: \$6,850

Catch up Contributions

Employees age 55 or older may make additional contributions above the set HSA maximum. Employees that don’t have a QHDHP the entire year or enroll in Medicare must pro-rate the catch up contribution.

Single: \$1,000

Family: \$1,000



Investment options

All WealthCare HSAs are funded with an FDIC interest-bearing demand deposit account with our partner custodial banks. Additionally, WealthCare HSA owners with account balances over \$1,000 are eligible to invest and manage excess funds from within the WealthCare portal by selecting from a group of popular mutual funds provided by Devenir. We recommend that employees discuss investment options with a professional advisor.

Allowable Expenses

Employees may budget for miscellaneous out-of-pocket medical expenses using their HSA account. Employees must retain receipts for anything purchased with HSA dollars in case they are audited by the IRS. If HSA funds are used for anything other than a qualifying expense, penalties will apply.

Funds may be used for previous years' expenses provided the HSA account was opened at the time the expense was incurred. There is no time limit on reimbursements. Account balances roll forward from year-to-year.



The American Benefits Group (ABG) Benefits Card

The ABG Benefits Card is a debit card that works like a credit card, except it has a stored value instead of a credit limit. The stored value is the employee's available balance under the employee's HSA. There are no transaction fees with the ABG Benefits Card.

Employees simply swipe the ABG Benefits Card at the provider location and choose the "credit/credit card" option. Funds are instantly withdrawn from the HSA and paid to the provider. There are no claims and no waiting for reimbursement.

Employees should save their receipts to ensure compliance with IRS guidelines; the IRS may request receipts in an audit. The card is merchant coded, not merchandise coded. Every merchant who accepts credit cards is assigned one of roughly 1,000 merchant codes. The codes are listed according to industry (e.g., restaurant, pharmacy, dental office) only valid merchant codes are "open" to the card, which means if someone tries to use the card at a restaurant or gas station, it would be declined. It will also decline payment for non-covered expenses, like vitamins.

Stacked HSA and FSA Benefits Card

Our technology allows one single benefit card to be used for the HSA, Limited Purpose Flexible Spending Account (LPF) and Limited Purpose Health Reimbursement Arrangement (HRA) and a 132 Commuter Transit and Parking Account. The ABG Benefits Card is “stacked” according to the plan design. Appropriate merchant codes are attached to the card.

We handle enrollments and terminations. Because we communicate HSA information directly to the bank, we control how the cards are used and generated.

Enrollment and Funding Options

Through the WealthCare portal, employers and employees have convenient access to tools allowing for multiple enrollment and funding options based upon your individual needs. The level of integration within the portal provides a single destination allowing you to perform all activities with a single user ID and password. Whether you are initially enrolling employees, funding accounts or providing ongoing support, all of these functions can be fulfilled within the WealthCare portal. Although you have access to convenient on-line tools, if you prefer you can have ABG send funds directly to the bank.

With all the rules and regulations involved with HSAs, you don't want employees left with just a bank account and a debit card and nowhere to turn for assistance or answers to their questions. That's why American Benefits Group partnered with Alegeus and our custodial bank trustees to build a full service HSA administration platform that's more than just a “bank account”.

The unique concept behind the WealthCare HSA allows for comprehensive administration on behalf of the employer and the account holder, enabling dynamic HSA services that other solution providers can't (or won't) offer!

Frequently Asked Questions

May an employee have an HSA and an FSA or HRA?

Yes, but the FSA and/or HRA must be limited purpose. This works like a standard FSA/HRA but you can only submit claims for vision, dental, and post deductible expenses. You may also participate in a Dependent Care Assistance Plan (DCAP).

May employees stop/change FSA contributions if they become eligible for an HSA?

No. Employees must have a qualifying status change to stop or change FSA contributions.

May an employee be covered under a spouse's FSA plan and have an HSA?

No. If the employee has any other coverage, he/she can not open an HSA.

If the employee and spouse both have a QHDHP, may they both have an HSA?

Yes. However, they may only contribute the annual family maximum amount between the two accounts.

If the employee has Medicare or Medicaid, may he/she also have an HSA?

No. Anyone currently enrolled in Medicare or Medicaid isn't eligible to open an HSA.

How do Veteran's Administration (VA) health benefits affect an HSA?

If the employee has received VA health benefits in the past three months, he/she may not have an HSA.

May we set up an HSA for a minor dependent?

No. A dependent may not participate in an HSA.

May employees continue to use the HSA if they no longer have a QHDHP?

Yes, they may use funds in the HSA; however, they may no longer contribute to it.

Is the HSA a COBRA qualifying benefit?

No, but the QHDHP may be subject to COBRA.

About American Benefits Group

American Benefits Group (ABG) is a wholly owned subsidiary of NFP, Inc. a powerful, national partnership of over 180 owned and 350 affiliated independent corporate benefits consulting and diversified financial service firms that provide informed and innovative benefits strategies customized for over 40,000 employers of all sizes. As the national platform partner for NFP. Benefits, American Benefits Group provides Flexible Spending Accounts, HRA, HSA, Section 132 Transit, and COBRA & Direct Premium Billing administrative services to the employer clients of NFP companies nationwide.

Unmatched Expertise

Our professional benefits administrative staff is knowledgeable in every aspect of employee benefits plan design, compliance and reimbursement account administration. All of our administration team members are professionally certified and receive continuous advanced training. With over 100 years of combined industry experience in Cafeteria Plans and Flexible Spending Accounts and COBRA administration, American Benefits Group's team is dedicated to sharing our expertise with you and your employees.

A Concierge and Boutique Service Model

Every employer client works with a dedicated account service team that manages all aspects of their program. Your account service team pays careful attention to understanding the needs of your company, your participants and the scope of your plan.

Our mission is to define a level of service that is unmatched in the industry today, and exceeds our client's expectations in every way.



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