

# Employer Manual

# Welcome

On behalf of all of us here at HSA Bank, I want to thank you for selecting us as your Health Savings Account (HSA) administrator. You have put your trust in us to provide you and your employees with the very best HSA product, and we strive endlessly to deepen that trust.

All of us at HSA Bank work hard every day to make sure you and your employees have the best customer experience possible because we know our reputation, and the reputation of thousands of business partners, relies on our ability to provide you with the product and service you deserve.

As you may have read in our marketing materials or on our website, HSA Bank is one of the leading HSA administrators in the nation. And we are a leader when we talk about the number of accounts we have and the dollar amount we hold in HSA deposits. But it is also true in our approach to enhancing our product and the service we provide to you and your employees.

Many of our enhancements are developed from our experience throughout the years. We were one of the first to offer healthcare-based savings accounts when we decided in 1997 to offer Medical Savings Accounts (MSAs), which were the pilot program for HSAs. Our years of experience provide us with many best practices that have been used by other companies to implement, build and maintain a successful HSA program.

We want your HSA program to be successful too. The Employer Manual is full of important features and information regarding your relationship with HSA Bank and the features we offer you and your employees. As we add features, we will notify you through our monthly employer newsletter, statements and websites.



But if you run into a problem or have any questions, please don't hesitate to call us. Our Business Relations Specialists are available at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or email us at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

Again, thank you for choosing HSA Bank. We look forward to serving you and earning your trust.

A handwritten signature in black ink, appearing to read 'K. Hoewisch', with a long, sweeping flourish extending to the right.

Sincerely,

Kirk Hoewisch

President, HSA Bank

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# Enrollment Methods

HSA Bank offers four enrollment options to allow you to select the method that makes enrolling in an HSA the most convenient for you and your employees. HSA Bank has developed comprehensive procedures that allow each employee's account to be opened through a stress-free process.

## 1. Group Online Enrollment (GOE)

HSA Bank's GOE system makes it easy for you to facilitate the HSA-enrollment process. You choose a set-up option (either Post Approval or Pre-Approval) that determines when your employees enroll and how their applications are approved. Once you've selected a set-up option, we will provide you with a custom enrollment link in the Employer Administration Area. Below are some of the features that make GOE the preferred enrollment method of many employers.

- **Multiple Locations, One Solution**

HSA Bank's Group Online Enrollment system takes the hassle out of administering your HSA program to employees in multiple locations. You and your employees can utilize the enrollment system from anywhere you have access to the Internet.

- **Processing Methods**

With HSA Bank's Group Online Enrollment system, you choose the level of control you would like over your employees' HSA enrollment. HSA Bank provides two processing methods, including:

**Pre-Approval** – We recommend the use of the Pre-Approval option for mid- and large-sized companies. This processing method requires you to upload an employee census data file prior to the enrollment period. You can access a template of the census data file in the Employer Administration Area. After you upload a census data file, you can share your custom enrollment link with your employees.

**Post Approval** – We recommend the use of the Post Approval option for small companies. Here's how the process works: After you share your custom enrollment link with your employees, your employees will complete an online application. You will approve/decline your employees' applications in the Employer Administration Area.

- **Automatic Set-Up**

Based on your preferences selected on your Employer Set-Up form, HSA Bank automatically completes the GOE set-up when processing your form. Your selections for Group Online Enrollment are provided again in your welcome email, including the enrollment processing method and who is paying fees associated with the HSA.

- **Electronic Signatures**

HSA Bank's Group Online Enrollment system utilizes e-sign, which means that your employees do not have to provide a hand-written signature. Your employees will simply agree to receive all disclosures and account information from HSA Bank in an electronic format.



## 2. Paper Enrollment

You may also choose to have your employees complete and submit a paper application to set up the HSA. HSA Bank recommends that you pre-fill the applications with your Federal Tax Identification Number or provide it to your employees to include on the paper application. This will allow HSA Bank to properly track your employees.

Once HSA Bank receives the completed application, the account will open in two to three business days. Within 7 to 10 business days your employees can expect to receive your account welcome kit. Other materials will be sent separately as requested.

### Paper Enrollment Instructions (Employee)

- Step 1: Complete the Primary Accountholder's General Information section.
- Step 2: Decide if you would like anyone else to have access to your HSA. If you would like to give another party access to your HSA, complete the Authorized Signer section.
- Step 3: Select account options.
- Step 4: Sign the application.

A sample of a paper enrollment application form from HSA Bank. The form is titled "HSA Enrollment Application" and contains various sections for personal information, account options, and authorized signers. It is a multi-page document with a header and footer.

## 2. Auto Enrollment File Process

HSA Bank recommends using the Auto Enrollment File Process for small or mid-size groups. Through the Employer Administration Area you can easily enroll all of your HSA-qualified employees in a HSA by uploading a Microsoft® Excel file. To access the Auto Enrollment File page, click on “Enrollment” and “Auto Enrollment File.” The steps are listed on the right.



If your file meets the necessary requirements, you will receive a confirmation page. It will be uploaded and processed within 1-2 business days. If your file does not meet the requirements, a message will let you know how to correct your file.

If you have questions about the Auto Enrollment File process, contact a Business Relations Specialist at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

## 3. Electronic File Enrollment

The Electronic File Enrollment method, recommended for larger groups, allows you, or a third-party, to submit an electronic data file to HSA Bank’s FTP server to open your employees’ HSAs. Your employees simply request an HSA while signing up for their HSA-compatible health plan. HSA Bank will open the accounts based upon the employee’s intent, which may be in the form of a checkbox on your benefits enrollment system or request to make payroll contributions to the HSA.

HSA Bank requires a standard file or an accepted, standard industry file for electronic file enrollment. The electronic file must contain several necessary fields (employee’s name, date of birth, street address, Social Security Number, etc.) for identity verification purposes. After the file has been successfully tested, you will be able to upload your file to HSA Bank’s secure FTP server. After sending each file, you will receive an email with details of rejected records and how many employees we successfully processed out of how many we received. This prevents you from funding accounts that aren’t open. Typically, set up—including testing—is complete within 2-3 weeks.

### Auto Enrollment File Process Steps

- Step 1: Go to the Auto Enrollment File page and download the Auto Enrollment File Microsoft Excel template.
- Step 2: Enter the required data in the template and save it as a .csv file. You will find instructions on how to format the data on the Auto Enrollment File page. The file will not be accepted if it is not saved in the .csv format, nor will the file be accepted if it contains more than 2,500 records or if it is larger than 4MB.
- Step 3: Read the acknowledgement and agree to the acknowledgement by checking the box. You may not submit a file unless you agree to the acknowledgement.
- Step 4: Click on the “Browse” button to locate your .csv file, then upload your file by clicking “Submit.”

### Electronic File Enrollment Method Steps for Setting up and Enrolling Employees

#### Employer Set-up

- Step 1: Contact Business Relations to initiate the Electronic File Enrollment method.
- Step 2: Create a sample enrollment file and provide the file to HSA Bank.
- Step 3: HSA Bank approves the enrollment file format or provides you with changes that must be made to have the enrollment file format approved.
- Step 4: Enrollment files can be transmitted.

#### Enrollment

- Step 1: You complete the enrollment file information and provide the “intent” to open the HSA. The information that is required for the enrollment file is the employee’s name, street address, date of birth, social security number, employer, job title and citizenship status.
- Step 2: You or a third-party creates the enrollment file.
- Step 3: The enrollment file is uploaded to HSA Bank’s FTP server.
- Step 4: HSA Bank opens the HSA after the employee’s identity is verified.

## HSA Bank's Enrollment Advantages

### Signature-free Enrollment

An approved electronic enrollment file and an employer agreement ensures a seamless account opening experience for you and your employees.

### Prompt Account Opening

Ninety-nine percent of completed enrollments received from an established business partner are opened within 1-2 business days, generally with no additional follow-up required. (Electronic files received before 11 a.m., CT, are opened the same day.)

### Efficient Order Fulfillment

Members will receive account welcome kits, debit cards and checks (if requested) within 7 to 10 business days of account opening.

### Immediate Account Establishment

Per IRS regulations, HSA funds can be used for eligible medical expenses when the account is established—meaning both open and funded. We fund each account with a penny to establish the HSA as soon as possible for our accountholders. This way, any eligible expenses they incur after the account is established can be paid with funds in the HSA.

### Immediate Account Funding

Account funding can start immediately. If funds are received before the account is set up, we will hold the funds for up to 90 days, then deposit the funds when the account is open.

## Invoicing

HSA fees can either be directly debited from your employees' HSAs or HSA Bank can invoice you. You have the option of prepaying fees, or being invoiced for the account maintenance fee on a monthly basis. To discuss customized fee options, contact HSA Bank's Business Relations Specialists at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com). HSA Bank's invoicing department tracks all fees paid by employers. If you choose to receive invoices for fees, please remit payment only after receiving the invoice.

If an employee terminates HSA-compatible health plan coverage or employment with your company, please notify HSA Bank promptly to avoid being invoiced for that employee. If HSA Bank receives notification prior to the 25th of the month, we will not invoice you for that employee that month and going forward. All invoiced amounts must be paid in full; please do not make adjustments to the invoiced amounts. You can notify HSA Bank by removing the employee on HSA Bank's Employer Administration Area or by completing our Employee Add/Remove Form located at [http://www.hsabank.com/medialibrary/employee\\_add\\_remove](http://www.hsabank.com/medialibrary/employee_add_remove). For questions about fees or invoicing, contact HSA Bank's Business Relations Specialists.

## Identity Verification

HSA Bank, in compliance with the USA PATRIOT Act, is required to obtain, that identifies each person or entity that wishes to open an account. The government fight the funding of terrorism and money laundering activities. Th an HSA, HSA Bank requests their name, street address, date of birth, social employment details. The employees' information is processed through an aut

In the case that the automated system is unable to verify the identity of an en additional forms of identification from your employees.



# Contributions

## Basic Contribution Limits and Guidelines

The IRS determines the maximum amount that can be contributed to the HSA in a calendar year. For 2012, the maximum contribution limit for individual plans is \$3,100 and \$6,250 for family plans. The IRS reviews these limits on an annual basis and adjusts them as needed.

Employees do not need to prorate their contributions so long as they have high deductible health plan coverage on December 1 of the year coverage began and they maintain that coverage until December 31 of the following year. If contributions are not prorated and HSA-compatible coverage ends prior to completion of the required period, excess contributions are subject to income tax and a tax penalty.

All contributions, regardless of their source (you, your employee and IRA rollovers) count toward the contribution limit. Since you and your employees can make contributions to the HSA, it is important to coordinate contributions to avoid excess contributions and tax penalties.

You have the option to roll HRA or FSA funds into your employees' HSAs on a one-time-only basis, which provides your employees with funds for medical expenses from day one. If your FSA plan allows FSA extensions, your employees can contribute to the HSA if the FSA balance is zero on January 1st or if the FSA balance was rolled over to an HSA prior to January 1st.

Consult your tax advisor or the IRS for details and reporting requirements in regard to taxation, fund rollovers and other stipulations.

The IRS allows individuals that are age 55 or older, and not enrolled in Medicare, to make catch-up contributions to their HSAs. The current catch-up contribution amount is \$1,000. If a husband and wife are both qualified to make catch-up contributions they can both do so if they each have an HSA.



### 2012 IRS Guidelines for HSA-compatible Health Plans and HSA Contribution Limits.

	Individual	Family
Minimum Deductible	<b>\$1,200</b>	<b>\$2,400</b>
Maximum Out-of-Pocket	<b>\$6,050</b>	<b>\$12,100</b>
Contribution Limit	<b>\$3,100</b>	<b>\$6,250</b>

For those 55 and older, an extra \$1,000 catch-up contribution can be added to the overall contribution limit. If a husband and wife are both qualified to make catch-up contributions they can both do so if they each have an HSA.

## Contribution Options

HSA Bank offers four options for making contributions to your employees' HSAs. When you are selecting the contribution option that best suits your company, you may want to consider the types of contributions your company will be administering, such as employee pre-tax, employee after-tax or employer. You may also choose a combination of two or more contribution options if you wish.

Prior to selecting a contribution option, you must be signed up as a business partner with HSA Bank. If you are not already signed up, please complete an Employer Sign-up Form located at [www.hsabank.com/EmployerSignup](http://www.hsabank.com/EmployerSignup).

### 1. Group Online Contribution (GOC)

You can use our Group Online Contribution tool to send contributions via the Internet. Once you have signed up, you can log into HSA Bank's Employer Administration Area and submit one-time or recurring employee pre-tax, employee after-tax, and employer contributions at the same time.

- Employee pre-tax – For employers with a Section 125 cafeteria plan, employee HSA contributions can be made on a pre-tax basis.
- Employee after-tax – Employee HSA contributions can be made on an after-tax basis.
- Employer – You may make HSA contributions to your employees' HSAs.

To sign up, complete the Group Online Contribution Form and ACH Agreement, which is located at [http://www.hsabank.com/medialibrary/goc\\_signup\\_form](http://www.hsabank.com/medialibrary/goc_signup_form). If you have not signed up for the Employer Administration Area, please contact a Business Relations Specialist for assistance at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

### GOC Features Overview

HSA Bank's Group Online Contributions system has many features that make using the system and contributing to your employees' HSAs faster and more convenient.

#### Automatic Fill-Down

HSA Bank's convenient fill down feature allows you to enter a contribution amount one time and fill in that contribution amount for all employees.

#### Contribution Templates

You can use a completed contribution from the Contribution History section as a template to create a new contribution. All the information from the archived contribution is included in the new contribution. Simply select a new start date, new transfer name and make any other necessary changes.

#### Optional Dual Control

HSA Bank allows you to select a dual control option to verify the initial user set up the correct accounts with the correct contribution amounts. Dual control requires one user to set up the contribution, and a second user to review, verify and approve the contribution.

#### Request Contribution Limit Change

HSA Bank limits the amount you can contribute to your employees' HSAs on a given day. You may request that HSA Bank review your contribution limit by completing the Group Online Contribution Maintenance Form, which is available for download under the Banking Information heading on the Group Online Contributions main page. Once the form is completed and signed, fax it to HSA Bank's Business Relations at (920) 803-4184, or mail it to HSA Bank, P.O. Box 939, Sheboygan, WI 53082.

#### Change Banking Information

You can change your banking information by completing HSA Bank's Group Online Contribution Maintenance Form, which is available for download under the Banking Information heading on the Group Online Contributions main page. Once the form is completed and signed, fax it to HSA Bank's Business Relations at (920) 803-4184, or mail it to HSA Bank, P.O. Box 939, Sheboygan, WI 53082.

## 2. Electronic File Upload with Wire/ACH

The Electronic File Upload with Wire/ACH contribution option enables you to make contributions to your employees' HSAs by submitting a wire transfer or ACH along with a contribution file. Wires or ACH transactions are sent to a clearing account with HSA Bank. Wires and ACH transactions must be accompanied by a pre-approved electronic contribution file, which directs HSA Bank on how to allocate the funds between employees.

Note: If the file has any errors, an error message will appear in red. The file does not upload if an error occurs.

### Making Contributions

Once you have permission to upload electronic contribution files, you can begin contributing to your employees' HSAs. To make a contribution, upload the electronic contribution file and send a correlating wire or ACH to HSA Bank. HSA Bank will then distribute the funds to the individual HSAs as directed by the contribution file.

### Getting Started

- Step 1: Contact a Business Relations Specialist at (866) 357-5232 to setup a clearing account.
- Step 2: In the Employer Administration Area, click on "Contribution" and "Contribution Files" in the menu.
- Step 3: Send an electronic contribution test file to a Business Relations Specialist. We will process the test file to ensure a clearing account exists for you and to ensure the file format is accepted.
- Step 4: Once the test file is approved, a Business Relations Specialist will contact you. You will then be able to upload electronic contribution files in the Employer Administration Area

*Note: If the contribution file has any errors, an error message will appear in red. The file will not upload if an error occurs.*

## 3. Check

You can make a contribution by sending a check accompanied by the Employer Contribution Form, which should list the name, account number or Social Security Number, and amount being contributed for each employee with an HSA. Contributions made by your employees through a payroll deduction or a Section 125 plan may also be listed on this form. Contributions made by check will generally take longer to post to your employee accounts than the other contribution options.

The Employer Contribution Form is available for download at <http://www.hsabank.com/hsabank/Employers/Forms.aspx>.

## 4. Direct ACH

You can utilize your current payroll provider to make contributions directly to your employees' accounts. Our ACH instructions outline how to properly code each contribution entry.

### ACH Process Instructions

Through HSA Bank's Direct ACH option, you are able to utilize your current payroll service or vendor to make contributions to your employee's HSAs. As an added benefit, HSA Bank has developed a tracking mechanism to distinguish between employer, employee pre-tax through a cafeteria plan, and employee after-tax contributions.

### ACH Format Requirements as defined by NACHA (National Automated Clearing House Association)

Taken from the WACHA (Wisconsin Automated Clearing House Association) Operating Rules, Appendix two, Subsection 2.1.16.

Field	1	2	3	4	5	6
Data Element Name	Record Type Code	Transaction Code	Receiving DFI Identification	Check Digit	DFI Account Number	Amount
Field Inclusion Requirement	M	M	M	M	R	M
Contents	'6'	Numeric	TTTTAAA	Numeric	Alphanumeric	\$\$\$\$\$\$\$cc
Length	1	2	8	1	17	10
Position	01-01	02-03	04-11	12-12	13-29	30-39

Field	7	8	9	10	11
Data Element Name	Record Type Code	Transaction Code	Receiving DFI Identification	Check Digit	DFI Account Number
Field Inclusion Requirement	O	R	O	M	M
Contents	Alphanumeric	Alphanumeric	Alphanumeric	Numeric	Numeric
Length	15	22	2	1	15
Position	40-54	55-76	77-78	79-79	80-94

### What does HSA Bank Need?

Field 1, 4, 7, 10, & 11

Complete fields 1, 4, 7, 10, & 11 as required for file processing.

Field 2: Transaction code

The transaction code should be set to SAVINGS CREDIT.

Field 3: Receiving DFI Identification

HSA Bank's DFI or routing number is 075907947.

Field 5: DFI Account Number

The DFI Account Number is the individual's health savings account number. The account number can be obtained from the employees directly or you can make arrangements with HSA Bank to obtain the account numbers in coordination with your group's enrollment.

Field 6: Amount

The amount should only include the amount of the contribution from the specific source. If contributions are being made by both the employee and employer, you will need to include two separate entries with the specified amount for each.

Field 8: Individual Name

The individual name is the name of the employee/accontholder.

Field 9: Discretionary Data

This field is in the Entry Detail Record and allows financial institutions to include codes, of significance only to them, to enable specialized handling of the entry. There will be no standardized interpretation for the value of this field.

The discretionary data field is used by HSA Bank to determine the type of contribution being made. The table to the right provides a list of codes for field 9 based on the type of contribution and year of contribution.

Type	Code for Field 9 (Current Year Contribution)	Code for Field 9 (Prior Year Contribution)
Employer	ER	PR
Employee Pre-tax (through Cafeteria Plan)	EX	PX
Employee After-tax	EE	PE

# Program Design Tips

By encouraging employees to sign up for the HSA option, you'll save on premiums, taxes and claims. Plus, the more employees who elect the HSA program, the more you save. Get your employees onboard by designing an HSA program that is attractive and exciting.

Education helps employees understand and value an HSA program, but effective plan design goes a long way, too. Consider these design tips to increase adoption and your financial return.

## Increasing HSA Adoption

- Offer several deductible levels to ease the transition to an HSA plan. Direct employees to HSA Bank's online calculators to help them determine if an HSA is right for them.
- Pay 80-100 percent of employees' health plan premiums.
- Apply your HSA program savings to employees' accounts or even their premium costs.
- Encourage employees to save what they would've spent on premiums by putting it in their HSA.
- Provide employees with security by funding 50 percent of what you plan to contribute up-front.
- Encourage pre-tax contributions and pay the monthly fee. You'll recover your cost quickly through payroll taxes saved on employees' pre-tax contributions.



## Educating Your Employees

HSA Bank finds that just 90 minutes of education can increase HSA adoption by 22 percent. That's why, in addition to pre-enrollment and enrollment communications, HSA Bank provides ongoing education that you can utilize to help employees maximize the advantages an HSA has to offer. These communications are easy to access by logging in to the Employer Administration Area.

## Focusing on Health and Wellness

A successful HSA program design promotes better overall health through a healthier lifestyle and focus on preventive care. Both preventative care and wellness program utilization produce healthier employees. But how can employers use HSA program design to get employees to participate in a health and wellness program?

Financial incentives can be offered to encourage employees to participate in a health and wellness program. The financial incentives can take the form of contributions to the HSA, additional premium payments or cash. Employers can decide what actions or programs will trigger an incentive payment to an employee, such as taking a health risk assessment, documenting exercise, or the completion of a smoking cessation program. Incentives offer employers much flexibility in designing a program that works for them.

## Program Design and Communication Worksheet

HSA Bank developed a worksheet that can assist you in designing your HSA program and communication strategy. Specific recommendations regarding program design and tips for communicating the HSA offering are created from your answers to a series of questions.

The questions cover topics such as the number of people your company employs, other non-HSA compatible plans you are offering for the benefits period, your objectives for offering the HSA plan, your premium costs and the amount you plan to contribute to your employees' HSAs. The worksheet is available at <http://www.hsabank.com/plandesigntool/QuestionForm.aspx>.

# HSA Program Communication

Clear, ongoing communications are essential to a successful HSA program. When both you and your employees understand the product and its benefits, you can increase your adoption rate, which can reduce your premium costs. To help educate your workforce and encourage enrollment in an HSA, we offer a comprehensive suite of training, education and communication tools.

## Employer Communication Kit

HSA Bank's comprehensive communication kit guides you through the implementation, pre-enrollment, enrollment, and ongoing communication for your HSA program. The kit combines presentations, printed materials, calculation tools and employer-facilitated memos. The Employer Communication Kit can be accessed from HSA Bank's Employer Administration Area and contains the following materials:

**Getting Started** – best practices to help create and implement your HSA program:

- Employer Implementation Worksheet and Checklist
- Program Design Tips
- Communication Calendar (Word document detailing what items to send and when)
- How to Rollout your Communication Program (PowerPoint® presentation)

**Pre-Enrollment** – resources to educate your employees prior to enrollment include:

- HSA program announcement (PDF for you to send to your employees)
- Who Is HSA Bank?
- Employee brochure
- PowerPoint and Adobe® Flash presentations

**Enrollment** – resources to keep your employees informed include:

- Employee communications to explain how employees enroll and what they can expect next
- Samples of employee and employer email notifications
- Sample employee welcome kits

**Ongoing Education** – communications that can be provided periodically to your employees to keep them informed about HSAs and help them in becoming better healthcare consumers.

- Consumer tips
- Account management
- Savings potential



## Presentations

We offer several different presentation formats, including webinars, Adobe Flash and PowerPoint, all of which can be customized to your needs. Our presentations provide general information about HSAs, our services and the benefits of HSAs to you and your employees.

## Webinars

We offer customized and standard webinars throughout the year with sample topics such as:

- What is an HSA?
- How to use your HSA
- HSA Bank's Internet Banking
- HSA Communication Planning

Customized webinars are available for a fee. To request a customized webinar or register for a scheduled webinar, call HSA Bank's Business Relations Specialists at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

## Informative Website

HSA Bank's website is an invaluable educational resource providing information from the basic HSA concept to the actual legislative text that created HSAs. HSA Bank's website has a glossary that defines insurance and banking terminology. The website also provides users with several media, such as PowerPoint and Flash, to learn about HSAs using the method with which they feel most comfortable.

## Online Decision Tools

### Is an HSA Right for Me?

HSA Bank created a calculator to weigh the benefits and costs of a traditional health plan as compared to an HSA-compatible health plan. The calculator takes the information provided and determines the cost of each plan.

### Future Value Calculator

HSAs provide the funds employees need for their health care expenses of today, or tomorrow. HSA Bank created the Future Value Calculator to estimate the value of employees' HSAs, the tax savings on their contributions, and tax-deferred growth based on the information they enter.

### Everyday HSA Tool

Shows you how you can maximize the advantages of an HSA in any stage in life.

Online decision tools can be accessed at [www.hsabank.com/calculator](http://www.hsabank.com/calculator).

## Employer Administration Area

HSA Bank recognizes the role you play in the HSA process. To help you administer your HSA program and educate your employees, we developed the Employer Administration Area, a website dedicated to you!

Once logged in you can access Group Online Enrollment and Group Online Contributions, view your employee list, download education materials, and sign up for email notifications.

To gain access to the Employer Administration Area, you will need to complete the online Employer Sign-up Form available at [www.hsabank.com/EmployerSignup](http://www.hsabank.com/EmployerSignup).

A demo of HSA Bank's Employer Administration Area is available at <http://www.hsabank.com/DemoMain>.

If you have any additional questions about the Employer Administration area, contact a Business Relations Specialist at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

# Employee Features

## Employee Contribution Options

HSA Bank makes it easy for your employees to make contributions. Your employees can contribute to their HSAs through payroll deductions or directly through HSA Bank's online contributions system or by check.

### 1. Online Contributions

Your employees can make contributions through HSA Bank's online contributions system. The online contributions system is available in HSA Bank's Internet Banking system. Prior to making contributions, your employees must link a bank account to transfer funds to the HSA. Instructions for setting-up an external account are available at [http://www.hsabank.com/hsabank/Accountholders/Online\\_Transfers.aspx](http://www.hsabank.com/hsabank/Accountholders/Online_Transfers.aspx).

### 2. Transfer/Rollover

Your employees can make a transfer or rollover from an existing HSA or MSA. Your employees will need to complete the HSA Application & Eligibility Form and the Health Savings Account Transfer/Rollover Request Form and then submit both to HSA Bank. Transfers can also be made from an IRA. IRA transfers are subject to the annual maximum contribution limit, and can only be made one time in a lifetime. To make an IRA to HSA Transfer, your employees must complete the IRA to HSA Transfer Form. Forms needed for a transfer/rollover are available online at [www.hsabank.com](http://www.hsabank.com) in the Online Forms section.

### 3. Payroll Deduction

HSA Bank will deposit pre-tax payroll contributions for the amount your employees designate. The contribution will be removed from your employees' paycheck each payroll period and will be sent to HSA Bank to deposit in their account. You must have a section 125 plan in place in order for your employees to utilize this option. A section 125 plan enables you to take money off of your employees' paycheck pre-tax.

### 4. Automatic Contribution

Your employees can contribute funds to their account on a reoccurring basis by setting up an automatic contribution. To set up an automatic contribution, your employees should fill out the Automatic Contribution Form and mail the form along with a copy of a voided check.

### 5. Personal Check or Money Order

Your employees can contribute funds to their HSA by sending us a check or money order. To ensure timely and accurate processing, your employees should include a deposit slip or Contribution Form available online at [www.hsabank.com](http://www.hsabank.com) in the Online Forms section.

## Bank Account

All accounts with HSA Bank are opened as interest-bearing bank accounts, which are FDIC-insured through our parent company, Webster Bank, N.A. The interest is calculated on a daily basis and credited to the accounts monthly. HSA Bank uses a tiered rate structure, with applicable rates determined by the daily balance maintained in the bank account throughout the month. The rates are based on the Annual Percentage Yield (APY) and are subject to change. Fees may reduce earnings. Please refer to [www.hsabank.com](http://www.hsabank.com) for current rates.

## TD AMERITRADE Corporate Services

A TD AMERITRADE Corporate Services investment account provides your employees with access to stocks, bonds and over 13,000 mutual funds. HSA Bank has no minimum account balance requirements for participation in this service. However, TD AMERITRADE Corporate Services may have minimum trading requirements for a specified fund or equity. You may incur a \$3.00 monthly fee for investment accounts. You can avoid this fee if your HSA has a minimum daily balance of \$5,000. The minimum daily balance does not include funds that you may have in an investment account. Trading fees may be applied by TD AMERITRADE Corporate Services.

You or your employees can obtain more in-depth information about the TD AMERITRADE Corporate Services investment option at [http://www.hsabank.com/hsabank/Accountholders/Investments/TD\\_Ameritrade.aspx](http://www.hsabank.com/hsabank/Accountholders/Investments/TD_Ameritrade.aspx).

*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. Investment sub-accounts will provide their own account statements.*

### How to Open a TD AMERITRADE Corporate Services Investment Account (Employees)

- Step 1: Complete the TD AMERITRADE Corporate Services application, which is available for download at [www.hsabank.com/TDAmeritradeApplication](http://www.hsabank.com/TDAmeritradeApplication).
- Step 2: Fax or mail the application to HSA Bank.
- Step 3: Your employees will receive their TD AMERITRADE Welcome Kit 5-7 business days after their application is

## Mutual Fund Selection Investment Account

A Mutual Fund Selection investment account provides your employees with the option to invest in ten historically high-performing mutual funds. HSA Bank has no minimum account balance requirements for participation in this service. HSA Bank does not charge a fee for this option. The Mutual Fund Selection investment account vendor charges an annual fee of \$24; however, your employees are not charged any trading fees.

Within one business day, the employee will receive an email that includes his or her Personal Identification Number (PIN). Your employee will need this PIN to sign into his or her Mutual Fund Selection Investment Account. Then, one or two business days later, the employee will receive another email that provides the account number and information on how to access the investment account.

You or your employees can obtain more in-depth information about the Mutual Fund Selection investment option at [http://www.hsabank.com/hsabank/Accountholders/Investments/Mutual\\_Funds.aspx](http://www.hsabank.com/hsabank/Accountholders/Investments/Mutual_Funds.aspx)

*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. Investment sub-accounts will provide their own account statements.*

## Distribution Options

To maximize the convenience of using the HSA, your employees have several ways to access their HSA funds:

### 1. Debit card

HSA Bank offers an HSA Visa® debit card. Up to two FREE cards are provided at enrollment. There is no transaction fee when your employees use it with their signature. A \$2.00 transaction fee applies to PIN-based transactions.

This card provides access to the HSA funds at point-of-sale and ATM cash withdrawals. Point-of-Sale (POS) purchases can be signature- or PIN-based transactions. The PIN-based and ATM transactions have a fee, whereas signature-based transactions do not. Pharmacies and providers can run the payment like a credit card transaction if a PIN is not entered. Payments made by sending the card number to the service provider are considered POS withdrawals and do not have a withdrawal fee.



### 2. Online Transfer

Transfer funds from the HSA to an external banking account. HSA Bank's Online Transfer system, available through Internet Banking, allows your employees to reimburse themselves by transferring funds from their HSA to an external banking account.

### 3. Checks

Your employees can write a check to a provider to pay for qualified medical expenses or reimburse themselves for expenses already incurred. Checks are available for purchase.

### 4. Withdrawal requests

Your employees can submit a withdrawal request to HSA Bank. HSA Bank will then send the employee a check for the disbursement. HSA Bank charges a fee to process withdrawal request forms.

## How to Open a Mutual Fund Selection Investment Account (Employees)

- Step 1: Log in to Internet Banking.
- Step 2: Click "Accounts" in the top navigation bar and select "Investments"
- Step 3: Click the "Investment Options" button at the bottom of the page.
- Step 4: Under Mutual Fund Selection, click "Mutual Fund Enrollment"
- Step 5: Check the box to agree to the terms and conditions of the Mutual Fund and click "Enroll"

## Debit Card and Checks Fraud Protection

HSA Bank is committed to keeping your employees' HSA funds safe from fraudulent withdrawals and employs several security features for debit cards and checks, including:

### Merchant Restrictions

HSA Bank restricts the Visa® debit card to only be accepted at medical service or product providers (doctor's office, pharmacy, medical supply store, etc.) and ATMs.

### Individual PIN Selection

Your employees select their own personal identification number (PIN) during the debit card activation process. Additionally, they can change their PIN at any time by calling (866) 985-2273 from their home or business telephone.

### Transaction Amount Limits

As a mechanism for fraud protection, we set daily limits on debit card transactions. Your employees can withdraw up to \$2,000/day when a signature is used and \$300 for PIN-based transactions. Debit card transactions are also limited to their current daily balance. If your employees require their transaction limit to be increased temporarily, they can contact HSA Bank's Client Assistance Center at (800) 357-6246, Monday through Friday, 7 a.m. to 9 p.m., CT.

### Lost or Stolen Debit Card Notification

If your employee needs to report a lost or stolen debit card, you can contact HSA Bank's Client Assistance Center at (800) 357-6246, Monday through Friday, 7 a.m. to 9 p.m., CT. If your employee discovered the card lost or stolen outside of HSA Bank's standard business hours, they may contact our debit card processor at (800) 523-4175.

## Internet Banking (Employee)

HSA Bank developed its Internet Banking system to be the number one HSA resource for your employees. Just by logging in they can fully manage nearly every aspect of their HSA 24 hours-a-day, 7 days-a-week. HSA Bank's Internet Banking system allows them to:

- Get real-time balance inquiries
- View same-day and previous transactions
- View check images and previous statements
- Manage contact information (address, email, phone, etc.)
- Transfer funds to/from an external bank account to their HSA
- Transfer HSA funds to/from investment accounts
- Sign up for email alerts for contributions and distributions
- View investment account cash balance and fair market value
- Opt to go paperless with E-statements
- Download their account information into Microsoft Money or Quicken
- Access and print HSA tax documents
- Access healthcare resources



### How to Enroll in Internet Banking Employee Instructions

1. Go to <https://secure.hsabank.com/ibanking> and click "Sign-up."
2. Enter the information requested in steps one to five, agree to the Online Banking Agreement in step six, and click "Continue."
3. HSA Bank will send you (employee) an email with a link. Please click on the link or copy it into your browser. This will verify that you (employee) have provided us with a valid email address.
4. You (employee) is ready to log in to Internet Banking.

# Customization

## Website & Marketing Material Customization Options

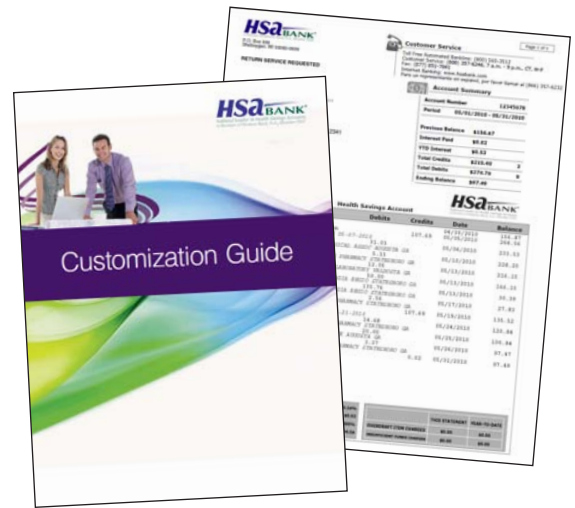
HSA Bank offers many website and marketing material customization options for you to choose from. To assist you on selecting the customization options for your organization, HSA Bank provides a customization guide and order form at [www.hsabank.com/MediaLibrary/Customization\\_guide](http://www.hsabank.com/MediaLibrary/Customization_guide).

Applicable customization fees are also listed in the customization guide. Below are brief descriptions of the customization options we have available:

## Website and Hyperlinks

You have the option of customizing HSA Bank's informational website and links for certain applications. You are offered three levels of customization for the website and hyperlinks, which are:

1. Tracking
2. Basic customization - includes your logo and color scheme
3. Full customization



For more information on HSA Bank's website and hyperlink customization, please consult the customization guide or contact our Business Relations Specialists at (866) 357-5232, Monday through Friday, 7 a.m. to 7 p.m., CT, or by email at [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

## Marketing Materials

HSA Bank's brochure can be customized to include your logo and contact information. The content may also be customized to meet your needs.

## Enrollment Materials

HSA Bank's enrollment options can be customized at the tracking or basic customization level.

## Welcome Kit

The cover letter of the welcome kit can be customized to include your logo, specialized account detail and specific contact information, such as a dedicated toll free number.

## Account Statements

Statements can be customized to include your logo and contact information. Unique messages can also be incorporated into your employees' statements.

## Toll-free Number

You can have a unique toll-free customer service number for your organization. This option allows for customized reporting of performance measures, such as average wait time, speed to answer and call volume.

## Debit Cards

There are two customization options to choose from. The basic option allows you to place your logo on the HSA Bank card stock. The advanced option allows you to design your own private-label card, purchase the custom designed card stock at cost, and issue the custom cards to your employees through HSA Bank. When setting up either custom option, you will also have the opportunity to customize language for the debit card and PIN mailers.

## Training and Education Materials

You have access to training and education resources, including: webinars, Adobe® Flash animation presentations and PowerPoint presentations. All can be customized to meet your organization's needs.

## Eligible Medical Expenses

An eligible expense is defined as an expense which pays for care as described in Section 213 (d) of the Internal Revenue Code. The list below is not comprehensive. It is meant to serve as a quick reference, and is provided to you with the understanding that HSA Bank is not engaged in rendering tax advice. The information provided is not intended to be used to avoid federal tax penalties. For more detailed information, please refer to IRS Publication 502 titled, "Medical and Dental Expenses," Catalog Number 15002Q. Publications can be ordered directly from the IRS by calling 1-800-TAXFORM. If tax advice is required, you should seek the services of a professional.

### Keep in Mind:

- Funds used to pay for qualified medical expenses are always tax-free, regardless of age or HSA-compatible health plan coverage.
- Prior to age 65, funds used to pay for non-eligible medical expenses are subject to normal income tax and a 20 percent penalty.
- After age 65, HSA funds may be withdrawn for non-eligible expenses with no penalty (regular income tax will apply).
- HSA funds can be used to reimburse yourself for past medical expenses if the expense was incurred after your HSA was established.

### ALTERNATIVE THERAPY

Acupuncture  
Chiropractor  
Christian Science Practitioner

### DENTAL

Braces  
Dental treatment  
Dental X-rays  
Dentures  
Fluoridation unit  
Gum treatment

### EYE AND EAR

Contact lenses  
Eyeglasses  
Guide dog  
Hearing aids and batteries  
Ophthalmologist  
Optician  
Optometrist  
Telephone or TV equipment to assist the hard-of-hearing

### EQUIPMENT

Air conditioner (when necessary for relief from difficulty in breathing)  
Autoette (when used for relief of sickness/disability)  
Cardiograph  
Oxygen and oxygen equipment  
Therapy equipment

### FEES

Ambulance  
Diagnostic fees  
Fees paid to health institute prescribed by a doctor  
FICA and FUTA tax paid for medical care service  
Hospital bills  
Legal fees  
Operating room costs  
Special school costs for the handicapped  
Transportation expenses

### GENERAL CARE

Dermatologist  
Neurologist  
Nursing  
Orthopedist  
Osteopath  
Pediatrician  
Physician  
Podiatrist

### LIVING EXPENSES

Convalescent home (for medical treatment only)  
Lodging (away from home for outpatient care)

### MEDICINE\*

Prescription drugs and medicines

### MENTAL HEALTH

Psychiatrist  
Psychoanalyst  
Psychologist  
Psychotherapy

### PREVENTIVE

Lead paint removal  
Vaccines

### PROSTHETICS

Artificial limbs

### RECOVERY AIDS

Abdominal supports  
Arch supports  
Crutches  
Orthopedic shoes  
Splints  
Wheelchairs

### REPRODUCTION

Abortion  
Birth control pills (by prescription)  
Childbirth/Delivery  
Contraceptive devices (by prescription)  
Gynecologist  
Obstetrician  
Prenatal care  
Postnatal treatments  
Sterilization  
Vasectomy

### SUBSTANCE ABUSE

Alcoholism treatment  
Drug addiction therapy

### SURGERY

Anesthetist  
Oral surgery  
Organ transplant (including donor's expenses)  
Surgeon

### TESTS

Blood tests  
Lab tests  
Metabolism tests  
Spinal fluid test  
X-Rays

### THERAPY

Elastic hosiery (by prescription)  
Hydrotherapy  
Physiotherapist  
Radium therapy

### TREATMENT

Blood transfusions  
Ultra-violet ray treatment

\* Beginning in 2011, tax-free HSA funds no longer can be used to purchase over-the-counter drugs that are not prescribed by a doctor.

# Reporting

## Employer Reports

Due to confidentiality regulations, HSA Bank cannot report individual HSA statistics. However, HSA Bank provides monthly reports on the average balance, contributions, distributions, and utilization of account options, which is based on the aggregate data of your employees upon request.

Additionally, HSA Bank's Employer Administration Area allows employers to view an employee list, upload contribution data, submit contributions online, and sign-up for employer updates. If you sign-up for Group Online Enrollment, the Administration Area also allows you to monitor employee enrollment, add eligibility questions and view enrollment reports.

Custom reporting would be considered upon request. If you are interested in requesting a custom report, please contact HSA Bank's Business Relations Specialists at (866) 357-5232.

## Employee Reports

HSA Bank provides several reports to the accountholder to assist them in managing their HSA, including:

### Account Statements

Account statements provide account information and transaction history. Monthly e-statements are also available through the Internet Banking system. Investment sub-accounts will provide their own account statements.

### Year-End Status Report

The Year-End Status Report sent in January gives your employees a summary of all of their account activity for the calendar year. The information includes account balances, contributions, distributions, fees charged and earnings on the account. This report also provides instructions and refers them to the forms they need for filing their HSA-related tax information.

### IRS Form 5498-SA (Contributions)

The IRS Form 5498-SA sent in January provides your employees with all the contributions they made to their HSA in 2010. HSA contributions for the 2010 tax year can be made up until April 15, 2011. (Note: The IRS does NOT allow an extension of time to contribute to an HSA, even if you have an extension for filing your taxes). If your employees make additional 2010 contributions in 2011, an updated IRS Form 5498-SA will be available between April 15, 2011 and May 31, 2011 as a confirmation of their total contributions attributable to tax year 2010. If they did not have contribution activity in 2010, they will not receive an IRS Form 5498-SA.

### IRS Form 1099-SA (Distributions)

If your employees have distributions from their HSA, they will receive IRS Form 1099-SA in January. How they report distributions on their tax return will depend on whether or not they used the distribution for qualified medical expenses. There is a separate IRS Form 1099-SA for each type of distribution made during the tax year. The five distribution types are normal, excess contribution removal, death, disability and prohibited transaction. If they did not have distribution activity in 2010, they will not receive an IRS Form 1099-SA.



## Employee Reports

- Account Statements
- Year-End Status Report
- IRS Form 5498-SA
- IRS Form 1099-SA

# Service & Support

## Business Relations

HSA Bank's Business Relations Specialists are available to assist you with any questions, concerns or issues you may have with your HSA program. The Business Relations Specialists are available Monday through Friday, 7 a.m. to 7 p.m., CT. You can call (866) 357-5232, fax (920) 803-4184, or email [businessrelations@hsabank.com](mailto:businessrelations@hsabank.com).

## Client Assistance Center

HSA Bank's Client Assistance Center is dedicated exclusively to supporting HSA administration, and designed to help your employees with any questions, either prior to enrollment or once an account has been established. The Client Assistance Center representatives are experts in HSAs and can answer all HSA-related questions. The Client Assistance Center representatives are available Monday through Friday, 7 a.m. to 9 p.m., CT. Your employees can call them at (800) 357-6246 or email [askus@hsabank.com](mailto:askus@hsabank.com).

## Bankline

Bankline, which is a toll-free, automated system, can provide your employees with 24/7 access to their account balance and transaction history. Employees can contact Bankline at (800) 565-3512.

## Spanish Materials and Support

HSA Bank's comprehensive brochure, enrollment forms and account maintenance forms are available in Spanish. To request these materials or for assistance with a question, you or your employees can contact an HSA Bank Spanish Language Representative at (866) 357-6232, Monday through Friday, 7 a.m. to 9 p.m., CT.

## Monthly Newsletter

To stay up-to-date on all of the services and features HSA Bank offers you and your employees, we recommend that you sign up for our monthly newsletter in the Employer Administration Area (click on "Profile" and "User Profile" to access the Newsletter page).



## Key Contacts

Business Relations  
(866) 357-5232

Client Assistance Center  
(800) 357-6246

Bankline  
(800) 565-3512

Spanish Language  
Representatives  
(866) 357-6232