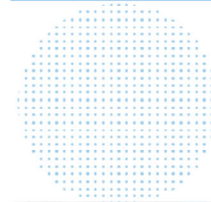
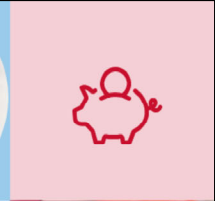
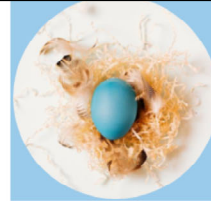




# Don't skip the basics: HSA edition

Thank you for joining us.



# Today's Agenda



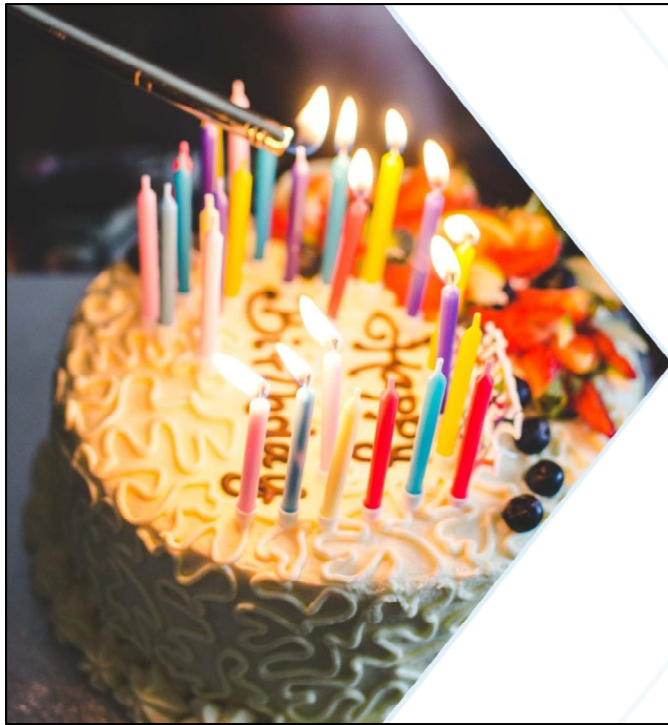
**The basics of Health Savings Accounts**, or HSAs, some HSA eligibility requirements and government regulations.



**The benefits of offering HSAs** for both employers and employees.



What you and your employees **need to know about HSAs.**



**Health Savings  
Accounts are  
20 years old as  
of January  
2024!**



Increase in HSA eligible plans year over year



25 million HSA accounts at the end of 2018



37.4 million HSA accounts at the end of 2023

## What is a Health Savings Account?



Individually owned  
account



No "use-it-or-lose-it"  
rule



Grow account through  
investments



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## Identity Verification



USA Patriot Act

wex

6

## The HSA



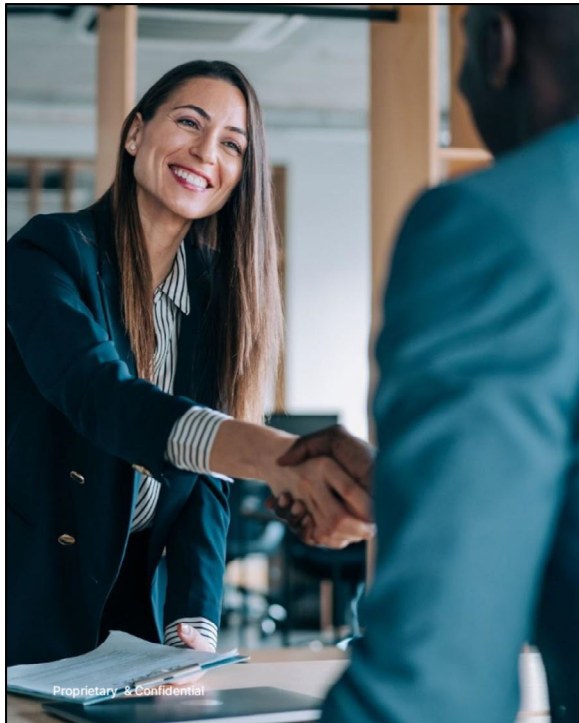
Tax-deductible  
contributions



Tax-free  
accumulation of  
interest dividends



Tax-free distributions  
for qualified medical  
expenses



## Why offer an HSA?

The benefits of offering an HSA:

- **Attract** great talent and **increase** employee retention
- **Reduce** insured premiums
- **Reduce** taxes



## Meet Oliver

### HSA Savings

**Example:** Oliver is married with 2 kids.

#### Without an HSA

Annual income.....	\$60,000
Tax rate: 18%.....	\$10,800
Adjusted income....	\$49,200
Healthcare costs.....	\$8,550
Income left.....	\$40,650

#### With an HSA

Annual income.....	\$60,000
HSA Contribution.....	\$8,550
Adjusted income.....	\$51,450
Tax rate 18%.....	\$9,261
Income left.....	\$42,189

**Oliver saves \$1,539 with an HSA**

# Accessing HSA Funds



Debit Card

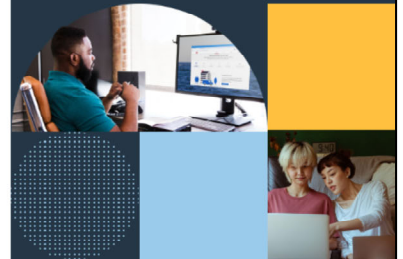


Pay to Provider

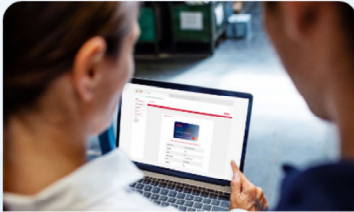


Request a  
distribution

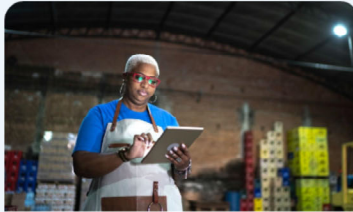
Proprietary & Confidential



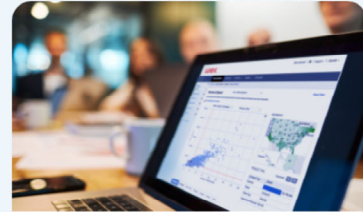
## Consumer Types



**Spenders**



**Savers**



**Investors**

**Look for an HSA that meets  
the needs of all 3 account  
holder types!**



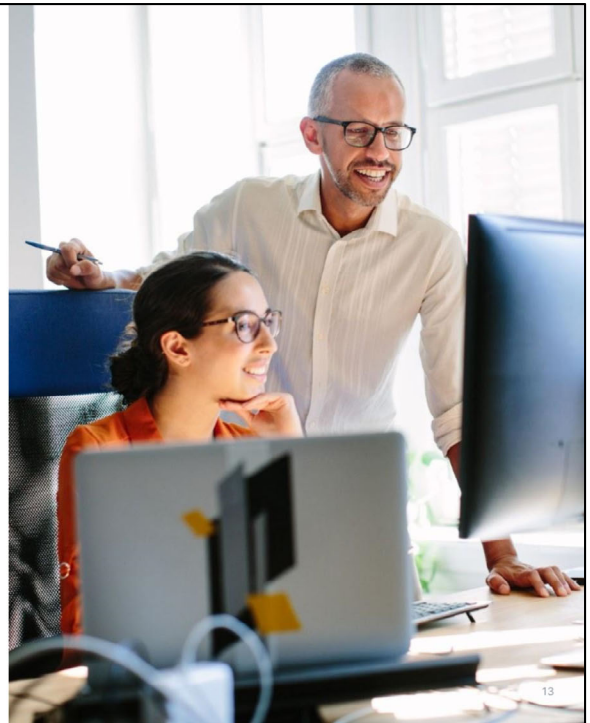


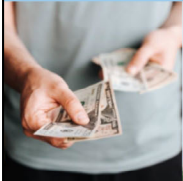
**11%** of all HSA account holders would be considered an investor.



**65%** of all HSA account holders are considered **spenders.**


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**Who are our  
spenders?**

## How to meet the needs of spenders:


 My HSA planner to estimate expenses and annual payroll deductions

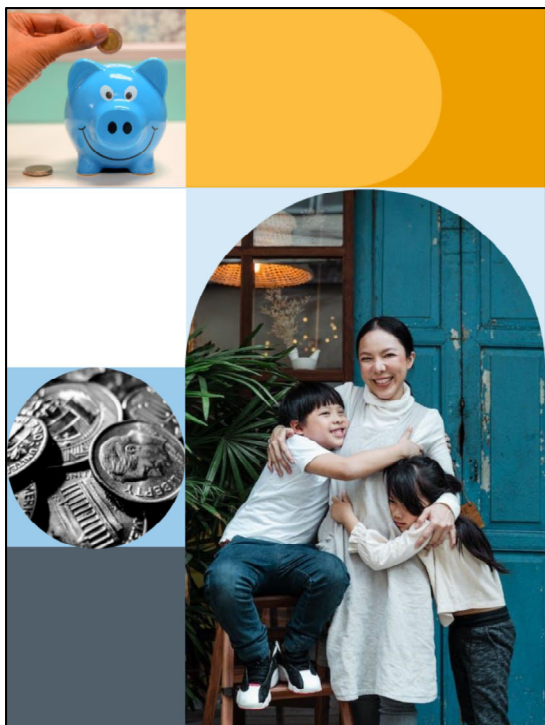
 Eligible expense list scanner on our mobile app

 Easily contribute, withdraw, and view available balance via mobile app

 HSA Advance to make funds available before a balance is built

 Educational articles, videos, and blogs

 Direct deposit option for self-reimbursement



**Who are our  
savers?**

## How to meet the needs of savers:

-  My HSA planner to plan for current and future expenses
-  Dashboard/ expense tracker to manage expenses paid by HSA and paid out of pocket
-  View available balance and activity via mobile app
-  Investment FAQ to get comfortable with HSA investment options
-  Text alert options to notify of account activity



## How to meet the needs of investors:



Integrated experience between cash account and investment account provides quick, easy access to all funds



Expense tracker to save documentation



Investment dashboard to easily view performance via online account and mobile app



Self-directed HSA Brokerage Account



Investment Guidance Tool, fund fact sheets, prospectus



## HSA Eligibility

### You are eligible if you are...

- ✓ Enrolled in a HSA-eligible plan (or HDHP)
  - ✓ The HSA-eligible plan deductibles meet the 2025 minimum threshold (\$1,650 single/\$3,300 family)

### You are ineligible if you are...

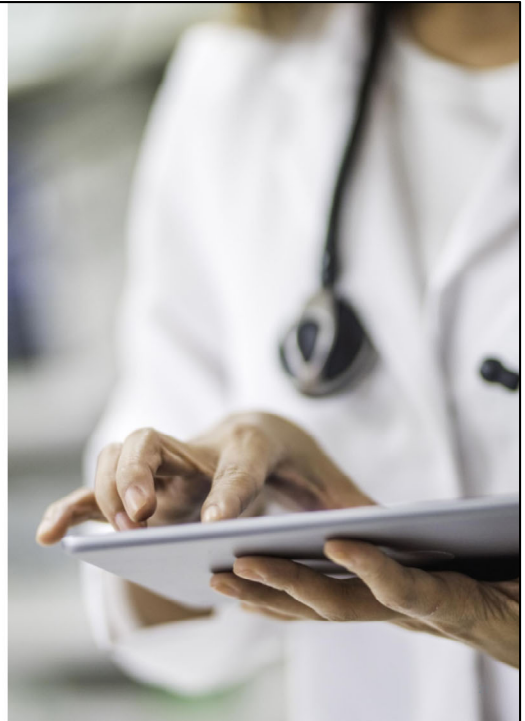
- ✗ Enrolled in, or covered by, a spouse's PPO or HMO plan
- ✗ Enrolled in, or covered by, a spouse's Medical/ Healthcare FSA
- ✗ Enrolled in, or covered by a spouse's 213d HRA

## › HSA Eligibility

In order to contribute to an HSA, the account holder cannot be enrolled in/covered by:

- **Medicare** – United States national health insurance program
- **Medicaid** – Joint federal and state program that helps with medical costs for some people with limited income and resources
- **Tricare** – Provides civilian health benefits for U.S. Armed Forces military personnel, military retirees, and their dependents.

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# Meet Abby

## HSA Contributions

### Example:

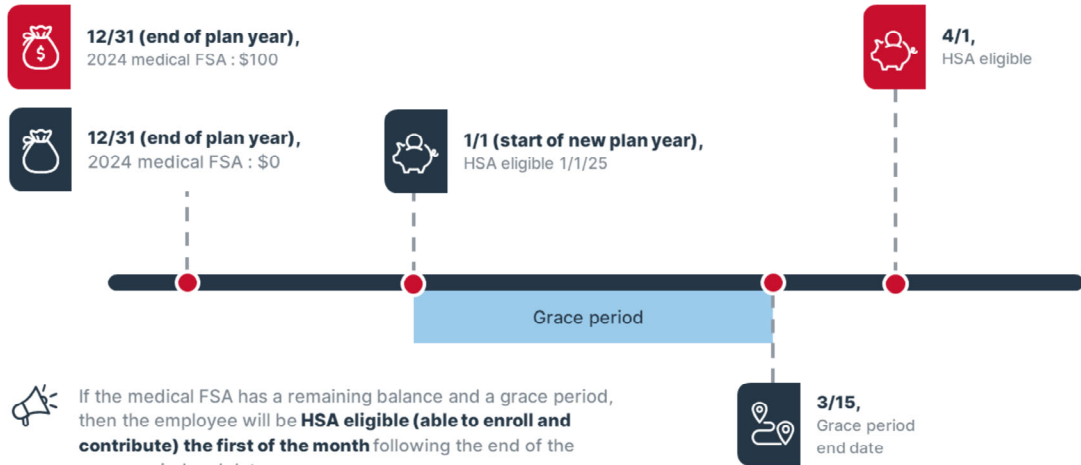
- Abby is married.
- Her retirement age is 60 years old.
- Her husband, Mark, is covered by Medicaid.
- Abby is not covered by Medicaid.

**Poll question:** Is Abby still eligible to contribute to her HSA as normal?



## > Year to Year Transitions

### Medical FSA with **grace period**



## › Year to Year Transitions

### Medical FSA with **carryover**



**NOTE:** If no alternative plan is offered, then the carryover balance auto-transfers to a medical FSA for the new plan year, even if the employee did not enroll in the plan. This makes the employee ineligible to use an HSA in the new plan year.





## An HSA is eligible on the first of the month

Per IRS regulation – an HSA is eligible for enrollment the **first of the month** following or equal to the HSA eligible plan (or HDHP) coverage beginning.



## 2025 HSA Annual Contribution Limits



Single Maximum  
Contribution Limits:

**\$4,300**



Family Maximum  
Contribution Limits:

**\$8,550**



Catch-up for over age 55:

**\$1,000**

### Can make pre-tax or post-tax contributions

- **Pre-tax:** employer contribution, employee payroll contribution
- **Post-tax:** employee contributes outside of payroll deductions post-tax



## Mid Year Coverage Level Changes



### HSA level from single to family coverage

- They can contribute the new HSA maximum

### HSA level from family to single coverage

- The HSA contribution limit is prorated

### Ceases to be HSA eligible mid-year

- The HSA contribution limit is prorated

### Becomes eligible mid-year

- The "Greater Than" rule and the "Full Contribution" rule



## Meet Yuki

**HSA level from single to family coverage:**  
She can contribute up to the family maximum.

**Example:**

- Yuki starts the year under single HDHP coverage.
- She has her first child (qualifying life event) and changes to family HDHP coverage.
- She can now contribute up to **\$8,550**.

## Meet Julio

**HSA level from family to single coverage:**  
Contribution limit is prorated.

**Example:**

- Julio started the year under family HDHP coverage.
- He experienced a divorce and changed to single HDHP coverage effective 7/1/2024.
- In 2024 Julio can contribute:  $(\$8,550 / 12 = \$712.50 \times 6 \text{ months})$   
**\$4,275** for the first half of the year,
- AND **\$2,148** for the second half of the year.  $(\$4,300 / 12 = \$358 \times 6 \text{ months})$
- **\$6,423 total maximum contribution for 2024.**



## Mid Year Coverage Level Changes

**Ceases to be HSA eligible mid-year:**  
Contribution limit is prorated

**Example:**

Employee starts the year under single HDHP coverage and elects \$4,300. Employee gets married (qualifying life event) and changes coverage to family PPO coverage. Employee would cease to contribute to their HSA, and maximum contribution would be prorated.

**Becomes eligible mid-year:** The “Greater Than” rule and the “Full Contribution” rule

**Example:**

Employee starts the year under single PPO coverage. Employee gets married (qualifying life event) and changes to family HDHP coverage effective 7/1/2025. Employee can now contribute \$8,550 for the plan year.

## Let's Recap



**The basics of Health Savings Accounts**, or HSAs, some HSA eligibility requirements and government regulations.



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