



HSA

DID YOU KNOW...

With a free HSA you get what you pay for.

BeneFLEX offers you and your employees the convenience of one bank, one card, and exceptional education – let us show you how.

Bene**FLEX**
HR RESOURCES INC.

"We make benefits work for you."

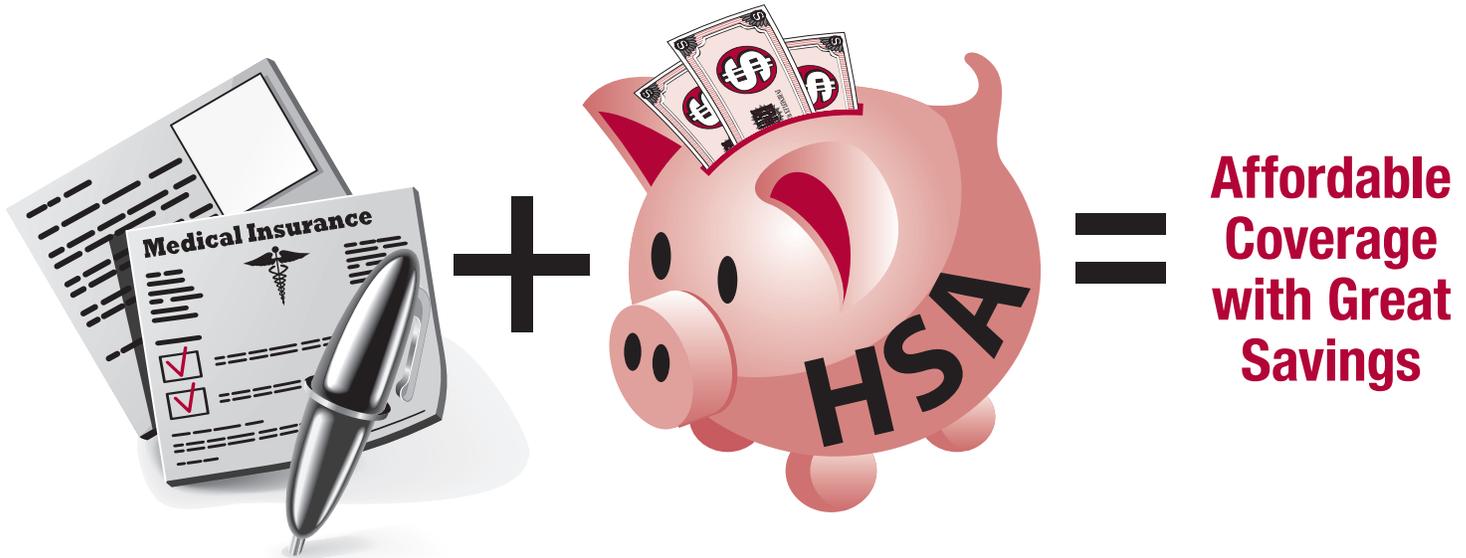
What is an HSA?

A Health Savings Account (HSA) is a tax-favored account used in conjunction with an HSA-qualified high deductible health plan.

How does an HSA work?

HSA-compatible health plan: An HSA compatible health plan provides a balance between comprehensive coverage and more manageable insurance premiums. Your employees are responsible for the deductible and the maximum out-of-pocket. Once those costs are met, expenses covered by the health plan (including prescription drugs) are paid at 100%. An HSA compatible plan must meet certain deductible and maximum out-of-pocket requirements to qualify for an HSA.

Health Savings Account: The HSA allows your employees to build savings to pay for eligible expenses not covered by the health plan, typically the deductible and other out-of-pocket costs. Contributions can be made by both the employer and/or employees. HSAs provide tax benefits when funds are deposited, as the account grows, and when funds are used for eligible medical expenses.



What can the HSA do for your employees?

- 1.** Provides a comprehensive and affordable health benefit offering: An HSA with an HSA compatible health plan is an attractive benefits package which typically has lower costs both initially and over time. The savings on premiums are often used to assist in funding the HSA, which improves employee acceptance.
- 2.** Enhances your retirement benefits package: An HSA option acts as another retirement savings vehicle with funds rolling over year to year. The advantages of tax-free contributions, earnings, and withdrawals (for eligible medical expenses) make it the most attractive savings option available.
- 3.** Reduces your tax obligation: By facilitating pre-tax employee contributions, you can save your employees money while reducing your tax obligation in the form of FICA, unemployment tax contribution, and workers' compensation premiums.
- 4.** Improves the health of your employees: HSA plans increase employees' awareness and control over their health care decision making. This results in employees who are more likely to be involved in their care, to ask about the cost of care, and alternative treatments which reduce overall claims.

The BeneFLEX Differentiator: An Easy, Complete Solution

How to Get Started

You can start an HSA account any time after you establish a Qualified High Deductible Health Plan (HDHP). Complete the Intent to Enroll form and fax or mail to BeneFLEX. Upon receiving your Intent to Enroll form, BeneFLEX will send an electronic launch kit and assist you with the administrative setup.

BeneFLEX bridges the gap between the insurance carrier and the HSA trustee by providing the employer with critical services necessary for HSA satisfaction. Our valuable services include reporting, ongoing administration, compliance guidance, legislative updates, and contribution management.

BeneFLEX has partnered with HSA Bank® as our preferred HSA custodian. HSA Bank is a recognized leader in the HSA market. All HSAs are FDIC insured to guarantee funds are safe and secure.

HSAs with the BeneFLEX HSA Card. Your Card for Better Benefits – A Perfect Fit!

An HSA coupled with the BeneFLEX HSA Card provides employees with an easy way to access HSA contributions to pay for qualified expenses at the point of service. Funds are transferred immediately from the HSA at the time the expense is incurred. HSA Bank Card fully supports the IRS regulations and ensures compliance with multiple benefit offerings on the same card.

With BeneFLEX's HSA option your employees will have –

- ▶ One Bank – if you change insurance you don't have to change your bank. You can stay with BeneFLEX and HSA Bank.
- ▶ Employee owned HSA accounts where the employer or employee money is transferable
- ▶ Unused funds roll over year after year
- ▶ The interest earned grows tax free
- ▶ A variety of methods to access their funds and pay health care expenses
- ▶ One Card – Allows your employees to purchase eligible items at eligible merchants helping to keep them in compliance with IRS guidelines.
- ▶ Multiple Benefits – Allows you to have multiple accounts. BeneFLEX recommends HSA stacking. HSA stacking is a great way to maximize your HSA package. You can implement a Limited HRA and/or a Limited FSA with your HSA.

Look to HSA Bank to send year end documents for tax purposes.

True Story

Phone conversation between
Employer, FREE HSA PROVIDER,
and BeneFLEX HR Resources
Account Executive.

Employer: Thank you for your quick response however I'm asking if Free HSA has issued a revised OTC list for the upcoming Health Care Reform changes.

Free HSA: As of January 1, 2011 no over-the-counter (OTC) medications will be considered an eligible expense.

Employer to Free HSA: Do you have an updated OTC eligibility list for the upcoming Health Care Reform changes effective January 1, 2011?

Free HSA: The list of eligible medical expenses has not been updated. Remember there will not be any allowed over-the-counter medications, so there would not be a list to revise since they all cease to be eligible for the HSA.

Employer to BeneFLEX: Free HSA is telling me that no OTC items will be eligible as of January 1, 2011. Is that correct?

BeneFLEX to Employer: No, it is not. OTC medication and drugs will not be eligible (unless there is a directive from a physician) however OTC supplies such as band aids, contact solution, etc. will remain eligible.

Employer to Free HSA: Can you please verify, as I have been told, that band aids, contact solutions, etc will remain eligible.

Free HSA to Employer: I will need to get clarification. We were not communicated this difference in OTC items; medications vs. supplies. Our understanding is that if it is OTC it is no longer eligible.

This is why a Free HSA is not good for your employees!

The FREE HSA is not worth it!

You need the professional expertise BeneFLEX brings to your employees and the HSA.

Employers Save Big with Pre-Tax Deductions

HSA contributions are tax-deductible and HSA earnings are exempt from federal income taxes. BeneFLEX offers the added benefit of a Section 125 Cafeteria Plan where HSA contributions are made on a pre-tax basis, resulting in the additional 7.65% savings in FICA taxes! BeneFLEX will prepare the required plan documents for the pre-tax HSA, conduct nondiscrimination testing, and work with the bank to ensure that the accounts are set up and funded properly. These services are normally not provided by banks at the employer level.

Who is BeneFLEX HR RESOURCES?

A focused Third Party Administrator specializing in providing seamless employee benefits. BeneFLEX takes the burden of benefit regulations and compliance away from the employer AND ensures employees receive the full benefit of their FSA, POP, HCSO HRA, TMA, HRA, HSA, and COBRA.

Contact BeneFLEX at 800-631-FLEX to implement your convenient HSA!

Complete your Intent to Enroll form, receive your electronic launch kit, and start to benefit from BeneFLEX's HSA administration services.

BeneFLEX
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"We make benefits work for you."

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