

Why should we consider establishing Health Savings Accounts (HSA) for our employees?

HSA's Offer an Impressive List of Features:



- Funding Flexibility: employer contributions, pre-tax employee salary reduction contributions and tax deductible contributions are all permissible. Family members, employers and any other third parties may make contributions to an HSA on behalf of the eligible individual.
- No "Use-It-or-Lose-It" rule. Participants may accumulate funds and self-direct investments in a tax-exempt trust or custodial account.
- The ability to use funds for non-medical purposes without any effect on the tax-free character of amounts remaining in the individual's HSA.
- Account portability for participants - monies can be transferred to another HSA at any time without limitation.
- Expenses are self-substantiated by the participant.
- The tandem high-deductible health plan (HDHP) that is required is a mainstream design.



Q&A

Which employees are eligible to participate in an HSA?

For any month, an eligible individual is defined as any individual who:

- is covered only by a high-deductible health plan ("HDHP")
- is not also covered by any other health plan that is not an HDHP
- is not enrolled in benefits under Medicare; and
- may not be claimed as a dependent on another person's tax return.

- ✓ **HSA's are generally exempt from ERISA reporting and documentation**
- ✓ **HSA's are not subject to COBRA coverage**
- ✓ **HIPAA does not apply to employer-funded self-administered HSA or to HSA's receiving no employer contributions (would apply to HDHP component and HSA's that are not self-administered.)**

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A CUSTOM PROPOSAL!**

