

Why Consider an HSA for your Employees?

Health Saving Accounts (HSAs) 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 contribute 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.

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
- ✓ may not be claimed as a dependent on another person's tax return.

More about HSAs

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