

PITCHING THE HSA

With HSAAdvisor+SM From HSA Bank

An advisor's guide to selling HSAs with
HSAAdvisor+



hsabank 

own your health[®]

A Division of Webster Bank, N.A.,
Member FDIC

WELCOME!

Health savings accounts (HSAs) are a powerful savings and investment tool. That's why 75% of employers view them as essential to their retirement benefits strategy.¹ With **HSA**advisor+ from HSA Bank, you can help employers and their employees make the most of these accounts.

We're excited to partner with you. **HSA**advisor+ is the only open-architecture, best-in-class, complete platform that gives advisors the opportunity to help employees understand the benefits of HSAs, customize and oversee HSA investments, provide reporting, and receive compensation.

This guide will help you:



Learn more about HSAs
and their benefits



Pitch HSAadvisor+
to clients



Understand your
compensation options

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Watch our videos on YouTube about the importance of saving for healthcare and how **HSA**advisor+ can help:

- A Holistic Approach to Health and Wealth
- Getting Your Employees Retirement Ready
- Addressing Market Needs With **HSA**advisor+

¹"Health Savings Accounts and Retirement Plans." Plan Sponsor Council of America. 18 July 2017. https://www.psc.org/survey_HSA_2017

PITCHING THE HSA With **HSA**advisor+ From HSA Bank **For advisor use only.**

HSA BASICS

Use this section to familiarize yourself with HSAs, their eligibility requirements, and how they work. Keep in mind that HSA Bank is available to support you and answer any additional questions from your clients. With sales and account executive team members located throughout the country, our team will collaborate with advisors during sales calls and client meetings.



Watch our What is a Health Savings Account (HSA)? video on YouTube.

Overview

A health savings account is a unique, tax-advantaged account that can be used to pay for current or future healthcare expenses. With an HSA, accountholders have:

1

An individually owned savings account. It can be used to pay for IRS-qualified medical expenses, as well as deductibles, co-insurance, prescriptions, vision expenses, and dental care.

2

Funds that never expire. Unused HSA funds roll over year to year. There's no "use it or lose it" penalty. Like a 401(k), funds stay with the account-holder even if they change jobs or retire.

3

A triple tax advantage. Contributions to HSAs are not subject to federal income taxes (state taxes may apply); earnings to an HSA from interest and investments are tax free; and distributions from an HSA to pay for qualified medical expenses are tax free.

4

The potential to grow balances through investing. Funds above the \$1,000 threshold in the HSA Bank cash account can be invested.

5

Additional retirement savings. After age 65, funds can be withdrawn for any purpose without penalty, but may be subject to income tax if not used for IRS-qualified medical expenses.

HSA BASICS

Who is Eligible to Open an HSA?

The main requirement for opening an HSA is being enrolled in a high-deductible health plan (HDHP) that meets IRS guidelines for the annual deductible and out-of-pocket maximum. To be an eligible individual and qualify for an HSA, you must also meet the following requirements:

- You are not covered by any other non-HDHP health plan, such as a spouse's plan, that provides any benefits covered by your HDHP.
- You are not enrolled in Medicare.
- You do not receive health benefits under TRICARE.
- You cannot have received medical benefits from Veterans Administration (VA) for any non-service-connected disabilities at any time during the previous three months.*
- You cannot be claimed as a dependent on another person's tax return.
- You are not covered by a general-purpose health care flexible spending account (FSA) or health reimbursement arrangement (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.

*Title 38 of the United States Code, Section 101(17) defines "non-service-connected" as, with respect to disability, that such disability was not incurred or aggravated in line of duty in the active military, naval, or air service.



A study by HealthView Services² estimates that total healthcare expenses for a healthy 65-year-old couple retiring today can reach over \$400,000. The rising cost of healthcare warrants better savings tools. HSAs are a powerful solution.

²"HealthView Services: 2017 Retirement Health Care Costs Data Report." HealthView Services. 2017. http://www.hvsfinancial.com/PublicFiles/2017_Retirement_Health_Care_Costs_Data_Report_FINAL_6.13_V2.pdf.

HSA BASICS

How It Works

Once the HSA is established, it's easy to contribute and distribute funds. Since HSAs are individually owned accounts, funds always stay with the participant, even if they change jobs or retire. Unused funds stay in the account and roll over year to year.



Contributions

- Anyone can contribute to a participant's HSA, including the participant, the employer, or a third party such as a spouse or a parent.
- The IRS determines yearly HSA contribution limits for both single and family health plans. Visit [irs.gov](https://www.irs.gov) to view the yearly limits.
- Accountholders who meet the following qualifications are eligible to make an additional HSA "catch-up" contribution of \$1,000:
 - *HSA accountholder*
 - *Age 55 or older (regardless of when in the year the accountholder turns 55)*
 - *Not enrolled in Medicare (if an accountholder enrolls in Medicare mid-year, catch-up contributions should be prorated)*



Distributions

- Participants can access their HSA funds for IRS-qualified medical expenses in various ways, such as a debit card, a paper request for distribution, or online bill pay. Investments would need to be liquidated and moved into the cash account before being available to pay for medical expenses.
- The IRS determines which types of medical expenses are HSA qualified. Examples of qualified expenses include doctor's office visits and procedures, dental treatments, hospital services, and X-rays. For a complete list, visit [irs.gov](https://www.irs.gov) and search for "Publication 502, Medical and Dental Expenses."

Get answers to frequently asked questions from clients and participants by visiting hsabank.com and searching "FAQs."

BENEFITS

For Employers

Benefits of Offering HSAs

When employers add HSAs to their health plan offerings, they can take advantage of:

- ✔ Tax savings – Employers do not have to pay FICA taxes on participants' pre-tax HSA contributions.
- ✔ A stronger retirement package – Since HSA funds never expire and can be used for any purpose without penalty after age 65, HSAs are a great supplement to an existing 401(k) plan to bridge the retirement savings gap for employees.
- ✔ Lower insurance premiums – The lower premiums of HDHPs can save employers money without compromising participants' coverage.
- ✔ The ability to better attract and retain employees – Optional incentives, such as a company matching program and wellness incentives, can make a program even more attractive to employees and job seekers. HSA offerings also complement existing health and wellness initiatives.



BENEFITS

For Employers

Benefits of Offering HSAAdvisor+

HSA Bank's industry-leading HSA paired with your expertise through our HSAAdvisor+ program provides further benefits that other HSA offerings can't replicate.

As a retirement plan advisor, you will be a key asset to your clients by providing guidance about the HSA as a long-term savings and investment tool. Clients will also enjoy the many other advantages unique to HSAAdvisor+:

- ✓ The ability for accountholders to invest once they save \$1,000 in their HSA. It takes only a few minutes to enroll in investments and set future elections.
- ✓ Functionality for the advisor to curate a custom investment lineup based on a client's needs and demographics
- ✓ Open architecture with access to the full universe of mutual funds that can be included in fund lineups or model portfolios
- ✓ Ongoing monitoring and vetting of the company's investment options
- ✓ Consistent education across all of the company's investment options, from 401(k) to HSA
- ✓ The ability for the advisor to act as the fiduciary
- ✓ Seamless pairing with any high-deductible health plan from any carrier
- ✓ Resources for reporting, education (for both employers and employees), and more through HSA Bank's Employer Administration Site
- ✓ Easy online and mobile app access for employees
- ✓ U.S.-based Client Assistance Center to answer employees' questions by phone 24/7, by online chat 8:30 a.m. to 5 p.m. CT, Monday through Friday, or by email



Watch our 5 Reasons to Use the HSA Bank Solution video on YouTube.



For an example of an employer saving costs by switching from traditional health plan offerings to HDHPs with HSAs, search hsabank.com for "Case Study: Employer Reduces Healthcare Costs With CDH."

BENEFITS

For Participants

Benefits of Having an HSA

Most Americans aren't saving enough for healthcare. In fact, 40% never save for future healthcare expenses.³ HSAs are an effective solution because they're dedicated to healthcare savings — yet many employees do not understand how HSAs work or how they differ from FSAs.

As an advisor, your education will be important for employees. HSAs offer them convenience, flexibility, and a number of other advantages:



HSAs have a triple tax advantage:

- » *Contributions to HSAs are not subject to federal income taxes (state taxes may apply).*
- » *Earnings to an HSA from interest and investments are tax free.*
- » *Distributions from an HSA to pay for qualified medical expenses are tax free.*



They serve as a safety net for unexpected medical expenses or unemployment.



Since HSAs are individually owned, participants always keep their accounts — even if they move, change jobs, or retire.



HSA dollars never expire, and they roll over year to year. There's no "use it or lose it" penalty.



HSA-compatible health plans have lower monthly premiums than traditional health plans.



Participants can use their HSA dollars to pay for IRS-qualified medical expenses for themselves, a spouse, or a tax dependent.



HSAs provide additional retirement savings. After age 65, funds can be withdrawn for any purpose without penalty, but may be subject to income tax if not used for IRS-qualified medical expenses.



Participants can invest their HSA dollars for even more savings potential.



Participants can reimburse themselves for eligible expenses at any time after paying out of pocket.



A participant can contribute an additional \$1,000 catch-up contribution starting the year they turn 55 until the year they enroll in Medicare.

³ "HSA Bank Health & Wealth Index." HSA Bank. March 19, 2019. <http://www.hsabank.com/hsabank/learning-center/index2019>.

BENEFITS

For Participants

Benefits of Having HSAAdvisor+

In addition to the advantages of having an HSA in general, accountholders can enjoy more benefits from having an HSA through HSA Bank:

- ✔ Our robust Member Website includes helpful resources like educational flyers and videos, tools and calculators, and more.
- ✔ Our U.S.-based Client Assistance Center is available to answer participants' questions by phone 24/7, by online chat 8:30 a.m. to 5 p.m. CT, Monday through Friday, or by email.
- ✔ Participants can enroll and start investing in less than five minutes.
- ✔ Participants will have customized investment options and guidance on HSA contributions and investments, complementing their traditional retirement and investment accounts.
- ✔ Participants can select investments for the HSA that meet their needs based on their timeline and risk appetite.

Advisor-driven HSAs have an average balance of about \$18,000. This is 10 times the national average HSA balance of about \$1,800.



To learn more about the HSA as a retirement savings vehicle, visit hsabank.com and search "Health Savings Accounts: Bridging the Retirement Savings Gap."

MAKING YOUR PITCH

Now that you know the basics and benefits of HSAs — and the additional perks that you can provide as a retirement plan advisor with **HSA**Advisor+ — you can prepare to discuss it with your clients. Use this section to help you identify potential clients and ultimately pitch your HSA.

Identify Potential Clients

While many different types of employers can improve their benefits offerings by adding HSAs, certain traits can make an employer a particularly good fit.

If your client has the following traits, you can consider them a good candidate for your HSA. The client:

- Offers an HSA-compatible HDHP or is considering offering one
- Has at least 25 employees (and no minimum number of benefit-eligible employees)
- Is focused on boosting employee HDHP adoption, engagement, and wellness
- Wants to offer employees a holistic retirement plan
- Is interested in reducing healthcare costs
- Focuses on offering a strong benefits plan to better attract and retain employees

Prepare Your Talking Points

You'll want to emphasize certain points depending on who is receiving your message. Use the following chart to guide you in addressing the unique goals and needs of each audience.

CEO/CFO	<ul style="list-style-type: none"> • Tax savings – Employers do not have to pay FICA taxes on accountholders' pre-tax HSA contributions. • Lower insurance premiums – The lower premiums of HDHPs can save employers money without compromising employees' medical coverage. • A stronger retirement package – Since HSA funds never expire and can be used for any purpose without penalty after age 65, HSAs are a great supplement to an existing 401(k) plan to help bridge the retirement savings gap for employees. • Custom investment options – Your advisor will select investment options that will be available for all employees who enroll in your company's HSA. Your advisor will monitor and report on the investment lineup.
Human Resources	<ul style="list-style-type: none"> • Ease of implementation – You'll have support and guidance through every step, saving you time and hassle. Your advisor may provide education, communication materials, and assistance for your employees while they enroll and invest. • Recruitment and retention – Your strengthened benefits offerings with HSAAdvisor+ can help attract and retain talent. • Health promotion – Complement your company's health and wellness initiatives. Boost your employees' confidence in their health and wealth today and in retirement.
Employee	<ul style="list-style-type: none"> • Flexible, convenient savings – Use your HSA dollars for IRS-qualified medical expenses at any time, save them for retirement, or invest them. • Safety net – Enjoy peace of mind knowing that you'll be prepared for an unexpected medical expense or unemployment. • Triple tax advantage – HSA contributions are not subject to federal income taxes (state taxes may apply); HSA earnings from interest and investments are tax free; and HSA distributions for qualified medical expenses are tax free. • Funds that never expire – Your HSA dollars are yours to keep. They roll over every year and stay with you, even if you change jobs or move. • Investment opportunities – Take advantage of investment options that have been selected specifically for employees of your company and can complement your other retirement plans. • Support from HSA Bank – HSA Bank has a 24/7 call center and a Member Website with educational pieces, tools and calculators, and easy ways to manage your account.

MAKING YOUR PITCH

Sample Questions to Ask Clients

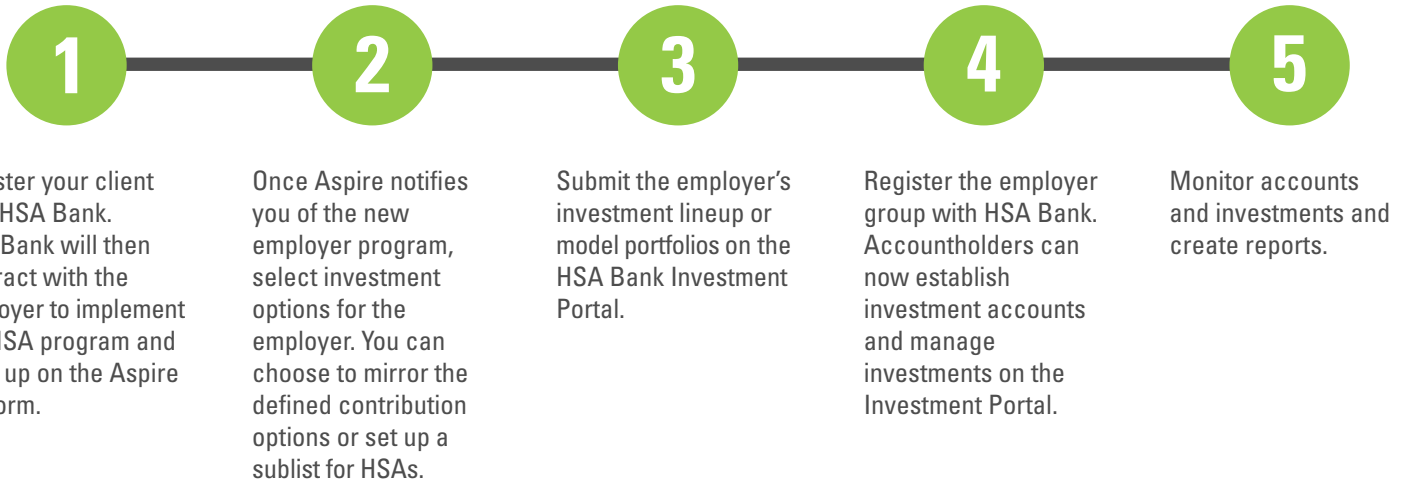
Use these sample questions as a guide to learn more about your client's goals and ensure that the HSA is right for their needs.

- Do you offer an HSA paired with a high-deductible health plan?
 - How are you helping employees find ways to maximize their retirement savings?
 - Do your employees often make hardship withdrawals or take out loans for medical expenses?
 - Are your employees saving enough for retirement?
 - What changes would be needed to position your benefits (or retirement benefits, when talking with a retirement plan owner) as a competitive advantage for your company?
 - Do you think your employees understand the benefits of an HSA, including how it relates to retirement planning?
-

GETTING STARTED

Onboarding

Once you have a client who currently offers an HDHP, has at least 25 employees, and has shown interest in HSAadvisor+, HSA Bank will assist you through the onboarding process:



FAQs

Q: Can I use my own fund lineups and vary them by client?

A: Yes.

Q: Can I create portfolios and models?

A: Yes.

Q: As the advisor, if I choose the investments for the HSA, does that make the HSA fall under ERISA?

A: No. The employer is not allowed to create the investment lineup (Department of Labor Field Assistance Bulletin No. 2006-02).

Q: How many funds are on HSA Bank's platform, and do you have a list?

A: Over 5,000 funds are available and more are added monthly. Please contact us for a current list.

Q: What are HSA Bank's fees?

A: We charge \$1.75 per account, per month (PAPM) that can be paid by the participant or the employer, and there is a 50 bps recordkeeping/custody and reporting fee on top of any zero-revenue/institutional investments. We also offer a \$2.25 PAPM option, which pays a commission to the advisor firm.

Q: Can I use **HSA**advisor+ for my high-net worth clients individually?

A: Not at this time. Our **HSA**advisor+ platform is currently only for clients with more than 25 employees.

Q: Where are records of the investments kept, and who is the custodian?

A: Aspire is the recordkeeper, and Mid Atlantic Trust Company is the custodian.

Q: Are other recordkeepers working with HSA Bank?

A: Not yet.

Q: Can I use an outside fiduciary as a 3(38) on the investments?

A: Yes, and revenue can be paid to this fiduciary separately from the advisor.

Q: Do I have access to view client accounts?

A: Yes. We have an advisor website where you can view your clients on an individual or global basis and run standard reports such as rate of return, asset allocation, and demographic information.

Q: How long does it take to set up the account?

A: After your client agrees to work with HSA Bank, a smooth transition usually takes about 30 days.

Q: Does HSA Bank help with employee communication and education?

A: Yes, we have "boots on the ground" that can help you with educating your clients and their employees.

FAQs

Q: Does HSA Bank have marketing materials?

A: Yes.

Q: Can HSA Bank's marketing materials be cobranded?

A: Cobranding may be available depending on the client's size.

Q: Will HSA Bank accompany me to talk with my 401(k) client about the HSA offering?

A: Yes, depending on the size of your client.

Q: Does HSA Bank have a web demonstration?

A: Yes.

Q: Does HSA Bank also offer flexible spending accounts (FSAs) and other benefits?

A: Yes, please contact us for details.

Q: How many HSAs does HSA Bank service?

A: HSA Bank services the HSAs of 3 million members from more than 35,000 employer groups.

Q: Can I work with my client if they're already with HSA Bank and want **HSA**advisor+ with me as their advisor?

A: Yes, please contact us for details.

COMPENSATION OPTIONS

Account fees are set at \$1.75 per account, per month (PAPM), which can be paid by either the employer or the participant. Recordkeeping and custody fees are set at 30 bps, on investments only, paid by the participant/investor.

As an advisor with **HSA**advisor+, you can choose from three main compensation options from HSA Bank.

Option 1

Charge consulting fees directly to the employer for the HSA program and forgo any other compensation.

Option 2

Share in account/administration-based fees on a retail basis and/or receive asset-based fees for investments to be determined by the advisor in addition to the HSA Bank asset-based program fee. HSA Bank increases the administration fee to \$2.25 PAPM, which can be paid by either the employer or the participant.

HSA Bank offers two incentive sources to distribution partners for the number of accounts that they can sell and maintain.

New Account Production

(Requires an average demand deposit account [DDA] balance of \$1,000)

Total New Accounts	Commission Rate (One Time Payment per Account)
500-1000	\$5.00
1001-2500	\$7.50
2501-5000	\$10.00
5001+	\$12.50

Total Account Incentive

(For new accounts opened during the calendar year)

Total Accounts	Annual Payment
2,000-4,999	\$3.00
5,000-9,999	\$4.50
10,000-14,999	\$5.00
15,000+	\$6.00

Option 3

Receive asset-based fees for investments to be determined by the advisor in addition to the HSA Bank asset-based program fee (set at 30 bps).

- HSA Bank will charge each investor 30 bps on all invested assets to cover the costs to provide the advisor-driven investment platform and service.
- Advisors may designate an additional asset-based fee on the total investment balance for each employer client's accounts.
- Advisors will set the associated fee during the investment setup process and Aspire will collect the fees and remit payments to advisors on a quarterly basis.
 - » Aspire will leverage its existing capabilities to facilitate the fee process.
 - » If you currently work with Aspire, fees for this program can be incorporated into your current payment, communication, and reporting process cycle.

Disclaimer: The **HSA**advisor+ program is subject to change. Please confirm all pricing with HSA Bank before participating in the program.

HSA BANK SUPPORT

HSA Bank is always happy to help if you have questions or need further support with **HSA**advisor+. We have sales support throughout the country to help you and your clients navigate HSAs. Please reach out to one of our advisor experts, Stewart Gooding or Patrick Schmick, to learn more.

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