



NueSynergy

Customer Focused • Technology Driven



**Employers Guide to
Health Savings Accounts**

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A Health Savings Account (HSA) is a tax-advantaged medical savings account available to individuals enrolled in a high-deductible health plan (QHDHP). Funds put into an HSA are not subject to federal income tax at the time of deposit.

The demand for HSAs is growing as employers and individuals realize the advantages of consumer-driven health care. The NueSynergy HSA is fully integrated with all of our pre-tax benefits plans. It's easy to open, easy to use, and easy to manage.

NueSynergy HSA is that easy!

Easy to Open

- Online enrollment creates a virtually paperless environment for employees.
- No minimum balance is required when opening a NueSynergy HSA.

Easy to Use

- It's a seamless solution: employees have complete access to all their benefits accounts (e.g., HSA and limited FSA) on one platform.
- A single login gives employees online access to their HSA as well as their investment options.
- Employees can access their HSA dollars with either the NueSynergy debit card or a paper check.

Easy to Manage

- An array of mutual funds, including an interest-bearing account, gives employees competitive investment choices that are attractive to both novice and experienced account holders.*
- HSA contributions are automatically swept into the employee's investment accounts when they meet the necessary cash account balance; no need to manually move funds between accounts.
- HSA deposits are FDIC insured by our account holder and banking partner, Avidia Bank, a \$1 billion mutual community bank.

**Investments are not insured by the FDIC; are not deposits or other obligations of NueSynergy or Avidia Bank and are not guaranteed by NueSynergy or Avidia Bank; and are subject to investment risks, including possible loss of principal invested.*

Employer Advantages

- Flexibility in controlling benefit costs
- Employee retention and attraction
- Tax savings on every dollar employees put into the plan

Employee Advantages

- Tax savings (either pre-tax by the employer or with personal tax deduction)
- Budgeting for current or future medical expenses
- Funds can be used as claims are incurred or saved for future medical expenses
- Tax-free interest or investment earnings



Qualified HDHP Requirements

A QHDHP has deductible requirements and an out-of-pocket limit. The 2019 QHDHP requirements are:

Minimum Deductible:
Single \$1,350 Family \$2,700

Maximum Out-of-pocket:
Single \$6,750 Family \$13,500

HSA Conditions

- The employee must participate in a QHDHP.
- HSA funds are owned by the employee.
- The employee decides how much to contribute based on his/her out-of-pocket expenses.
- Employer and employee contributions combined may not exceed the IRS maximum contribution (see insert).
- Claim substantiation is maintained by the employee.
- Eligible claims may be reimbursed at the point of purchase or at a later date as determined by the employee.
- Both the employee and the employer may contribute to an employee's HSA (over 50 percent of employers contribute to employee HSAs).
- Employer contributions may be made in one lump sum at the beginning of the plan year or prorated throughout the year.
- HSA funds are not available to employees until they are in their accounts.
- HSA funds may be used for the employee, spouse and dependent children.

Contributions

Contributions to the HSA may be made by the employer and/or employee. In fact, any can make contributions; however, the preferred tax treatment will only be recognized by the employee. Some studies show that employers can save 20 to 30 percent in premiums with a QHDHP.

The employer may choose to use all or a portion of those savings as HSA contributions. Contributions must follow the comparability rules, or the Section 125 non-discrimination rules if run through the Premium Only Plan (POP) or Flexible Spending Account (FSA).

If an employee terminates employment, he/she maintains ownership of the HSA. However, if an employee doesn't enroll in a QHDHP after leaving employment, he/she may continue to use HSA funds for eligible medical expenses but can no longer contribute to it. An employee must enroll in another QHDHP to contribute to the HSA.

Tax Treatment

There are two ways to realize a tax credit for HSA contributions:

- Employer pre-tax contributions made through a Section 125 (POP or FSA)
- Participant may use an above-the-line deduction when filing taxes. If the tax credit is through a Section 125, the document must state it accordingly.

A self-employed individual of an S Corporation or LLC cannot pre-tax an employee HSA contribution through a Section 125.



2019 HSA Contribution Limits

Single: \$3,500 Family \$7,000

2019 Catch-Up Contributions

Participants age 55 or above may make additional contributions above the set HSA maximum. Participants without a QHDHP the entire year or who enroll in Medicare coverage must prorate the catch-up contribution.

Single: \$1,000 Family \$1,000

Investment Options

All NueSynergy HSA accounts are funded with an FDIC interest-bearing demand-deposit account at Avidia Bank. One unique feature of the HSA is the option to invest in stocks, bonds and mutual funds. All NueSynergy account holders with account balances over \$1,000 have the option to invest HSA funds in a linked self-directed brokerage account with Devenir.* We recommend that employees discuss investment options with a bank or professional advisor.

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Allowable Expenses

Employees may budget for miscellaneous out-of-pocket medical expenses using their HSA account. Participants must retain receipts for anything purchased with HSA dollars in case they are audited by the IRS. If HSA funds are used for anything other than a qualifying expense, penalties will apply.

Funds may be used for previous year's expenses provided the HSA account was open at the time the expense was incurred. There is no time limit on reimbursements. Account balances roll forward from year-to-year.



The NueSynergy Debit Card

The NueSynergy Debit Card works like a credit card, except it has a stored value instead of a credit limit. The stored value is the employee's available balance under the employee's HSA. There are no transaction fees or pin numbers with the debit card.

Employee's simply swipe the NueSynergy Debit Card at the provider location and choose the "credit/credit card" option. Funds are instantly withdrawn from the HSA and paid to the provider. There are no claims and no waiting for reimbursement.

However, employees should save their receipts to ensure compliance with IRS guidelines, and to produce in case of an IRS audit. The card is merchant coded, not merchandise coded. Every merchant who accepts credit cards is assigned one of roughly 1,000 merchant codes. The codes are listed according to industry (e.g., restaurant, pharmacy, dental office). Only valid merchant codes are "open" to the card, which means if someone tries to use the card at a restaurant or gas station, it would be declined. It will also decline payment for non-covered expenses, such as vitamins (non-prescription).

Stacked Benefits Card

Our NueSynergy technology allows one single benefit card to be used for the HSA, Limited Purpose Flexible Spending Account (FSA), Limited Purpose Health Reimbursement Arrangement (HRA), and 132 Commuter Transit and Parking Account.

The NueSynergy Debit Card is “stacked” according to the plan design. Appropriate merchant codes are attached to the card. We handle enrollments and terminations. Because we communicate HSA information directly to the bank, we control how the cards are used and generated.

Payroll Deduction Funding

NueSynergy will send a payroll deduction report three business days prior to your payroll date. You will verify deductions and make any necessary corrections prior to your payroll date. Then, 24 to 48 hours from the payroll date, we will draw funds via an ACH transaction employer. We recommend that the employer create a separate bank account for the payroll withdrawals. The employee owns the contributions when they are applied to the account.

With all the rules and regulations involved with HSAs, you don't want employees left with just a bank account and nowhere to turn for assistance. That's why NueSynergy has built a full service HSA administration platform that's more than just a “bank account.”

The unique concept behind our employee/employer portal allows for comprehensive administration on behalf of the employer and the account holder, enabling dynamic HSA services that other solution providers can't (or won't) offer!

Frequently Asked Questions

Q. May an employee have an HSA and an FSA or HRA?

A. Yes, but the FSA and/or HRA must be limited purpose. This works like a standard FSA/HRA but you can only submit claims for vision, dental, preventative co-pays, and post deductible expenses. A limited purpose FSA also allows for dependent care.

Q. May employees stop/change FSA contributions if they become eligible for an HSA?

A. No. Employees must have a qualifying status change to stop or change FSA contributions.

Q. May an employee be covered under a spouse's insurance plan and have an HSA?

A. No. If the employee has any other coverage, he/she cannot open an HSA.

Q. If the employee and spouse both have a QHDHP, may they both have an HSA?

A. Yes. However, they may only contribute the annual family maximum amount between the two accounts.

Q. If the employee has Medicare or Medicaid, may he/she also have an HSA?

A. No. Anyone currently enrolled in Medicare or Medicaid isn't eligible to open an HSA.

Q. How do Veteran's Administration (VA) health benefits affect the HSA?

A. If the employee has received VA health benefits in the past three months, he/she may not have an HSA.

Q. May we set up an HSA for a minor dependent?

A. No. A dependent may not participate in an HSA.

Q. May employees continue to use the HSA if they no longer have a QHDHP?

A. Yes. They may use funds in the HSA; however, they may no longer contribute to it.

Q. Is the HSA a COBRA-qualifying benefit?

A. No, but the QHDHP may be subject to COBRA.

Managing Your Account and Other Helpful Suggestions

You are in complete control of your HSA. Here is some helpful information to assist in managing your account:

- Correcting Account Information - Within the employee portal you are able to change your personal information.
- Adding Authorized Signers or Beneficiaries - For your convenience we have provided easy to complete online forms.
- Transferring Funds to Your HSA - If you would like to transfer or rollover funds from an existing HSA or IRA, we provide easy-to-follow online forms.
- Tax information - At year end, our banking partner and FDIC insured account holder, Avidia Bank, will send you the following:
 - 1099 SA - Received by January 31 and shows your annual distributions
 - 5498 SA - Received by May 31 and shows your annual contributions

If you receive these forms and believe there is an error, please contact NueSynergy at 855.890.7239. We will work with you and Avidia Bank to make corrections and provide a corrected form.



www.NueSynergy.com allows 24/7 access to:

- Account balances and history
- Deposit and withdrawal capabilities
- Important forms and documents
- Up-to-date history
- Recent news and benefits updates
- Account statements
- Investment options

Thank You!

We are proud to serve as your HSA administrator. We appreciate your business and look forward to providing you the highest level of service and support. Our goal is to ensure that you maximize the benefits of participating in a Health Savings Account. To that end, we are constantly seeking ways to provide a better customer experience. Please let us know if there is anything we can do to improve the level of service.

HSA Administrator:

NueSynergy
4601 College Blvd., Ste. 280, Leawood, KS 66211
855.890.7239 | www.NueSynergy.com

HSA Custodian:



Avidia Bank
42 Main St., Hudson, MA 01749
800.508.2265
www.hsavidiabank.com

Top Ten Reasons to Keep a NueSynergy HSA

- 1 Triple Tax-Advantaged:**
Contributions are tax-free, potential interest gains accumulate tax-free, and distributions are tax-free when used to pay for qualified medical expenses.
- 2 Flexible:**
In case of emergency, funds can be used for non-medical expenses (money withdrawn may incur a 20% penalty and income tax charge). At age 65, any remaining HSA funds can be withdrawn for non-medical reasons without a penalty.
- 3 Portable:**
The employee owns all HSA account funds. Unlike an FSA, the accumulated balance in the account rolls over from year to year. Accounts move with employees even if they change employment or retire.
- 4 Convenient:**
The NueSynergy prepaid MasterCard provides employees with an easy and convenient way to access HSA contributions.
- 5 Independence:**
Employers prefer the long-term viability of an independent administrator. The relationship the employer has with their HSA administrator or HSA custodian remains consistent, along with all plan processes and resources, even if the employer switches to a different insurance plan.
- 6 Savings solution for future health needs:**
Unused contributions accumulate and can be saved and used for future medical expenses or to supplement retirement income. For example, unused funds can be used to pay COBRA or other medical insurance premiums during periods of unemployment or temporary layoff.
- 7 FDIC Insured Account:**
NueSynergy has partnered with Avidia Bank to provide our FDIC insured HSAs. This partnership enables us to provide a fully integrated experience through both our employee and employer portals.
- 8 Investment options:**
Employees can select from a spectrum of investment options to match their preferred investment style. Investments are offered through Devenir.*
- 9 Record keeping:**
Process HSA deposits and withdrawals, post transactions, prepare and distribute bank statements, and perform year-end reporting on required IRS forms.
- 10 Monthly Statements:**
Sent when the account has any activity. (Quarterly statements are sent to all account holders regardless of activity.)

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