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Health Savings Account (HSA)

A Health Savings Account (HSA) allows your clients to pay for qualified medical expenses with pre-tax dollars—meaning income-tax free—and save for health care expenses on a tax-deferred basis. Pre-tax money is deposited each year into an HSA and can be easily withdrawn at any time with no penalty or taxes if used to pay for qualified medical expenses.

Shareholders Service Group has created an alliance with HSA Bank to enable you to use HSA accounts in your investment advisory practice. Clients who open an account with HSA Bank, or those who have an existing HSA Bank account, can open a HSA brokerage account with Shareholders Service Group. You can invest the HSA assets as you would any brokerage account for investment purposes. This kit gives you an overview of the services, the steps to take to open an account, and the associated fees.

Fees in the program are billed individually, so you and your client can see the complete costs of the service. Advisory fees may be charged according to your agreement with your clients and according to your schedule, under the standard authorization on the SSG application. SSG's standard transaction fee schedule applies for investments in the HSA brokerage account. A fee schedule from HSA Bank is attached herein.

To get started, follow these steps.

1. Register as an advisor with HSA Bank. (See the details below.)
2. Open an account for your client with HSA Bank.
3. Open an HSA brokerage account with SSG. Use the SSG Account Application, and check the HSA Bank box on the application. Existing accounts cannot be used for HSA purposes.
4. Fund the HSA Bank account with a contribution. (See HSA Bank for contribution limits.)
5. Transfer funds from the HSA Bank account to the SSG brokerage account.
6. After funds have been transferred to SSG, you can manage the HSA brokerage account, just as you would other brokerage accounts.

The Features of Health Savings Accounts

What is a Health Savings Account?

A tax-favored savings and investment account, created by the Medicare Act of 2003, that allows participants in a qualifying high deductible health plan (HDHP) to pay for qualified medical expenses. This account may also become part of a comprehensive retirement strategy.

-  The account must be paired with an eligible high-deductible health plan in order for the HSA owner to make contributions.
-  HSA contributions can be made by the individual, their employer, other individuals or a combination of these.
-  HSA balances roll over and can continue to grow from year to year. There is no “use it or lose it” annual requirement.
-  Funds in the HSA can be used for tax-free qualified distributions, or saved and invested for future needs
-  The HSA is participant owned and portable. If your employment status changes, you still own the account and its assets

An HSA and Retirement

An HSA can also be used as a supplementary source of retirement income. Once an individual reaches age 65, distributions from the account for non-medical related items are taxed as normal income. However, unlike an IRA, there are no mandatory age-related distributions from an HSA.

Flexible access to funds

- › HSAs can be used to pay for account owners’ qualified medical expenses and also those of their spouse or dependent children, even if these individuals are not covered by the account owners’ high deductible health plan
- › HSA owners have the ability to control which medical expenses to pay with the HSA funds and when to pay them. If the HSA owner chooses to pay for eligible healthcare expenses out of pocket at the time the cost is incurred, a tax-free reimbursement can be made from the HSA at a time in the future that best suits their financial and medical needs²

² Please consult your tax professional if you wish to take advantage of this strategy.

Complete Your Clients' Retirement Program

Tap into the ever-growing HSA market

Register with HSA Bank

The steps for registering and referring your clients to open a Health Savings Account (HSA) are below:

- Go to www.hsabank.com
- Select the "Agents/Brokers" tab and click on "Agents/Brokers Home"
- Click on "Get Started"
- Complete the Agent Sign-Up Form online

Reminder: please indicate your broker dealer relationship.

Once registered, you will receive a welcome email from HSA Bank with your referral AIN for tracking purposes, custom website, your client enrollment links, and Relationship Guide.

Begin referring clients by asking them to use your custom online enrollment link or custom HSA paper application. Open an HSA Bank-linked brokerage account when your client is ready to start investing their HSA funds. Be sure to register it as "HSA Bank Custodian FBO [Client Name]". HSA Bank will receive notification of the brokerage account from Pershing and link it to an individual's HSA. If an HSA Bank balance falls below the balance waiver, your client may incur a monthly investment fee.

Already Registered?

Investing HSA Funds

All contributions and distributions must be made through the HSA to ensure proper tax reporting.

- Clients move money from their HSA to the money market account within the linked brokerage account by logging into Internet Banking and initiating the transfer of funds or by contacting HSA Bank's Client Assistance Center.
- The requested funds move to the money market account within the linked brokerage account (may take two business days).
- Your client will instruct you to begin investing HSA dollars.

To return funds to the HSA to pay for eligible medical expenses:

- Sell your client's shares from the linked brokerage account.
- Your client will move money from the linked money market account to the HSA by logging into Internet Banking and initiating the transfer of funds or by contacting HSA Bank's Client Assistance Center.
- Your client will access HSA funds by using one of HSA Bank's withdrawal options.

For assistance, please contact the Client Assistance Center

- 📞 (800) 357-6246
Monday – Friday, 7 a.m. – 9 p.m., and Saturday 9 a.m. - 1:00 p.m., CT
- 🌐 www.hsabank.com
- 📍 605 N. 8th Street, Ste. 320, Sheboygan, WI 53081



It's easy with HSA Bank.



Start saving more on healthcare.

HSA Bank has teamed up with your employer to create an affordable health coverage option that helps you save on healthcare expenses while protecting your health and finances.

It combines a high-deductible health plan (HDHP) from your insurance provider with a tax-advantaged health savings account (HSA) from HSA Bank. Together, they offer you health, savings and tax advantages that a traditional health plan can't duplicate.

What is an HDHP?

An HDHP, or high-deductible health plan, is a major-medical health insurance plan that has a lower premium than traditional health plans. Your HDHP:

- **Is a major-medical health plan** that is HSA-compatible. That means it can be used with a health savings account from HSA Bank
- **Has a higher annual deductible with lower monthly premiums**, which means you'll have less taken out of your paycheck and more to add to your HSA
- **Covers 100% of preventive care**, including annual physicals, immunizations, well-woman and well-child exams, and more – all without having to meet your deductible
- **Provides coverage for health screenings**, such as blood pressure, cholesterol, diabetes, vision, hearing and more

What is an HSA?

An HSA, or health savings account, is a unique tax-advantaged account that you can use to pay for current or future healthcare expenses. With an HSA, you'll have:

- **A tax-advantaged savings account** that you use to pay for eligible medical expenses as well as deductibles, co-insurance, prescriptions, vision and dental care
- **Unused funds that will roll over year to year.** There's no "use or lose it" penalty
- **Potential to build more savings through investing.** You can choose from a variety of HSA self-directed investment options with no minimum balance required
- **Additional retirement savings.** After age 65, funds can be withdrawn for any purpose without penalty

How do an HDHP and an HSA work together for you?

- While paying lower premiums for your HDHP, you can put those savings into your HSA
- You can use your HSA funds to pay for eligible healthcare expenses until you meet your annual deductible

How can you benefit from tax savings?

An HSA provides triple tax savings by reducing your Federal, State* and FICA taxes. Here's how:

- Contributions to your HSA can be made with pre-tax dollars, which reduces your taxable income
- Any after-tax contributions that you make to your HSA are tax deductible
- HSA funds earn interest tax free and when used for eligible healthcare expenses are also free from tax

*HSA contributions are taxed in AL, CA, NJ. HSA Bank does not provide tax advice. Consult your tax professional for tax-related questions.

Compare and see the HSA Advantage!

Annually, this typical family of four will face these medical expenses:

MEDICAL EXPENSES	HDHP WITH HSA PLAN \$4,000 Annual Deductible	TRADITIONAL PLAN \$1,500 Annual Deductible
8 Doctor Visits	\$568	\$200
4 Preventive Care Visits	\$0	\$0
2 Urgent Care Visits	\$254	\$150
1 Outpatient Surgery (Ear Tube Placement)	\$903	\$903
Total Medical Expenses (this is also the annual amount the employee contributes to their HSA)	\$1,725	\$1,253
COST COMPARISON		
Employee's Annual Premium	\$3,076	\$4,072
Total Medical Expenses	\$1,725	\$1,253
Federal Tax Savings	-\$259	\$0
Social Security and Medicare (FICA) Tax Savings	-\$132	\$0
State Tax Savings	-\$69	\$0
Out-of-Pocket Expenses	\$4,341	\$5,325

SAVINGS WITH AN HDHP/HSA PLAN

\$984

You can use the savings to fund your HSA account

This comparison is for illustrative purposes only. Medical services charges were obtained from www.healthcarebluebook.com. Employee's Annual Premium obtained from Kaiser Family Foundation AND Health Research & Educational Trust Employer Health Benefits 2011 Annual Survey. Actual medical costs may vary. Assumes a 15% Federal income tax rate, 7.65% FICA tax rate, 4% State income tax rate. HSA Bank does not provide tax advice. Please consult your tax advisor.

Withdrawals

- › Distributions are federally income tax free if used for any “qualified medical expense” permitted under federal tax law, including most medical care services, dental and vision care, and medication
- › If the account owner is age 65 or older, Medicare premiums and out-of-pocket expenses, including deductibles, co-pays and co-insurance, are qualified medical expenses for:
 - Part A (hospital and inpatient services)
 - Part B (physician and outpatient services)
 - Part C (medicare HMO and PPO plans)
 - Part D (prescription drugs)
- › Distributions are allowed for any reason at any time, however, if the client is under age 65 and the withdrawal is not used for qualified medical expenses, an early withdrawal penalty and income taxes may apply
- › The 20% additional tax penalty does not apply to distributions after age 65, or due to death or disability



Below is a summary of the fees associated with your plan. For a detailed HSA fee disclosure please refer to your Health Savings Account Fee and Interest Schedule.

Fee details

HSA Returned Item Fee	\$30.00	
HSA Service Fee	\$2.50	Fee will be waived when the average daily balance exceeds \$4,999.99
HSA Checkbook Order Fee	\$7.95	
Printed HSA Account Summary Fee	\$1.50	
HSA Closure Fee	\$25.00	
Debit Card Issuance Fee	\$6.00	
HSA Bank ATM PIN or Point of Sale PIN Use Fee	\$2.00	
HSA Bank HSA Check Distribution Fee	\$10.00	
HSA Bank HSA Investment Service Fee	\$3.00	Fee is waived when the bank account balance at or above \$5000