

Associated Benefits Connection – HSA/TPA



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Ken Nimmer, HSAe, CFC, CAS

VP, HSA & TPA Consultant

Green Bay, WI



Ryan Mattson, HSAe, CFC

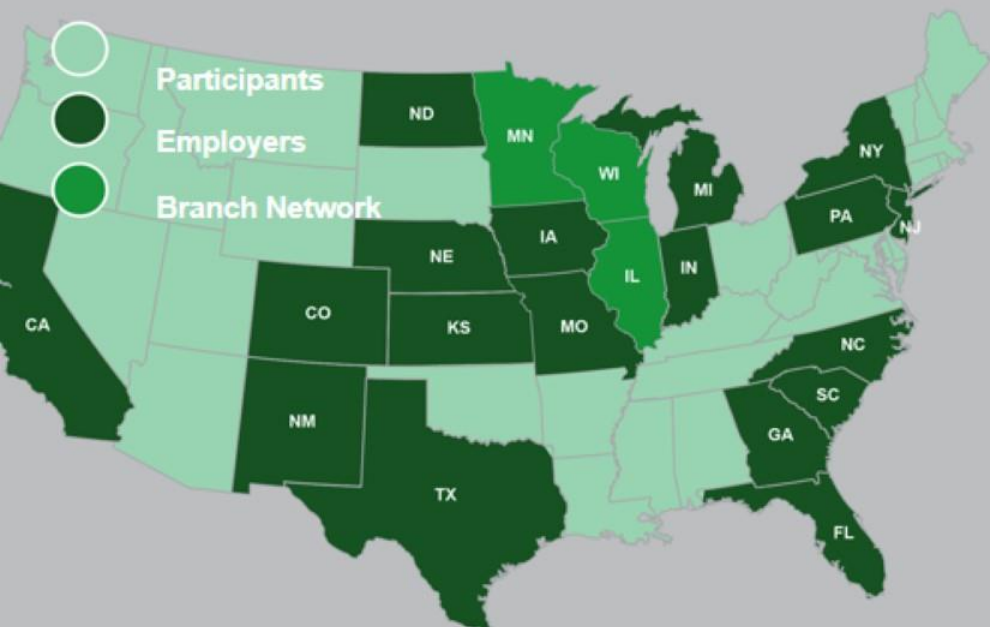
Account Executive

Milwaukee, WI

HSA & Health Benefits Line of Business

12th Largest HSA Provider in the Nation

OUR FOOTPRINT



Offering HSAs since 2004

- **1,400+** Employer Groups
- **120K+** Active Participants
 - **+22K** new accounts opened in 2024
- **\$542M** in HSA Total Assets
 - **40%** Investments
 - **60%** Cash Deposits
- **\$2,605** average cash balance

Best-in-Class Customer Service

- **Ranked #2** by Morningstar for our investment line-up
- **In-house certified** support based in the U.S.
- **99%** Client Retention

Award Winning

- **Partner of the Year** 2019
- **Visionary Achievement** 2020
- **Circle of Excellence** 2021, 2022, 2023, 2024
- **CDH Partner of the Year** 2022
- **Service Innovation Award** 2022

Agenda



- I. Healthcare Data Trends
- II. About HSAs
- III. Getting the Most from your HSA
- IV. Two Types of HSA Relationships
 - Sponsored vs. Non-Sponsored Relationships
- V. What to Look for When Choosing an HSA Partner
- VI. Recent Legislation on HSAs and FSAs
- VII. The Future of HSAs

HEALTHCARE DATA TRENDS





Traditional insurance is only the beginning

Healthcare expenses can be a significant portion of your budget.

\$1,142

Annual out-of-pocket expense per person

Factors that can impact your costs:

- Age
- Gender
- Health status
- Geographic area
- Provider variation
- Insurance coverage
- Provider network





Traditional insurance is only the beginning

Approximately 50% of Americans believe paying for healthcare is difficult.



According to a KFF study, respondents stated that in the past 12 months, due to cost:

- **36%** skipped needed care
- **23%** took OTC medication in place of a prescription
- **21%** decided not to fill a prescription
- **15%** rationed their medication by cutting down or skipping doses
- **40%** have medical and/or dental debt

“ *Skipping care due to costs can have notable health impacts. Nearly two in ten adults (18%) report that their health got worse because they skipped or delayed getting care.* ”



Traditional insurance is only the beginning

Concerns about cost don't stop when people enroll in Medicare.



\$388,000

The amount a couple retiring in 2025 can be expected to spend on healthcare in retirement. This is **\$17,000** more than couples retiring in 2022.

Traditional insurance is only the beginning

Approximately 60% of Americans are concerned about accruing medical debt.

In 2024:

30M+

Number of Americans borrowing
money to pay medical bills

\$74B

Amount borrowed to pay out-of-pocket
medical expenses



Traditional insurance is only the beginning

Healthcare costs are projected to rise by 8.5% in 2026.



Greater Utilization

The need for services, especially chronic disease treatment and mental health care, is growing.

Provider Challenges

Providers are experiencing increasing costs for delivering care as well as staffing shortages.

Prescription Costs

Medication prices continue to rise, especially for specialty drugs, such as GLP-1 medications.

ABOUT HSA'S



Who has had an HSA in the Past?





The Impact of HSA's



1. HSAs are not the same as FSAs or HRAs. They're a "don't use, won't lose" account.
2. HSAs are the most tax-friendly savings account on the planet (at least in the US)
3. HSAs are one of the best retirement accounts. After age 65, you can take money out for ANY reason and worst case, it's taxed the same as your 403B/401k – No penalty.
4. First Year Immediate FICA tax avoidance of 7.65%. The 401K/403B Does not avoid the FICA tax.
5. Yes, You Can Invest!

Health Savings Accounts – Triple Tax Advantage



How does a Health Savings Account (HSA) work?



Deposit tax free money
into your HSA



Save on taxes
as the money
grows



Avoid taxes when
using your HSA to pay for
qualified medical expenses



Invest
your savings



TAXATION SAVINGS COMPARISON

Triple Tax Savings

	Pre-Tax 401(k)/403(b)	Roth 401(k)/403(b)	H S A
Contribution	Before State and Federal Taxes	After Taxes	Before State, Federal and FICA Taxes (if payroll deducted)
Growth	Tax Deferred	Tax Deferred	Tax Deferred
Distribution	Ordinary State and Federal Income taxes are owed when taken after age 59 1/2	No State and Federal Income taxes are owed when taken after age 59 ½	Tax Free for qualified medical expenses.



HSA Eligibility



Health Insurance Enrollment

- Must be enrolled in a High Deductible Health Plan (HDHP)
 - In 2026, the minimum deductibles are \$1,700 single / \$3,400 family

HSA Eligibility Requirements



No Other First Dollar Coverage

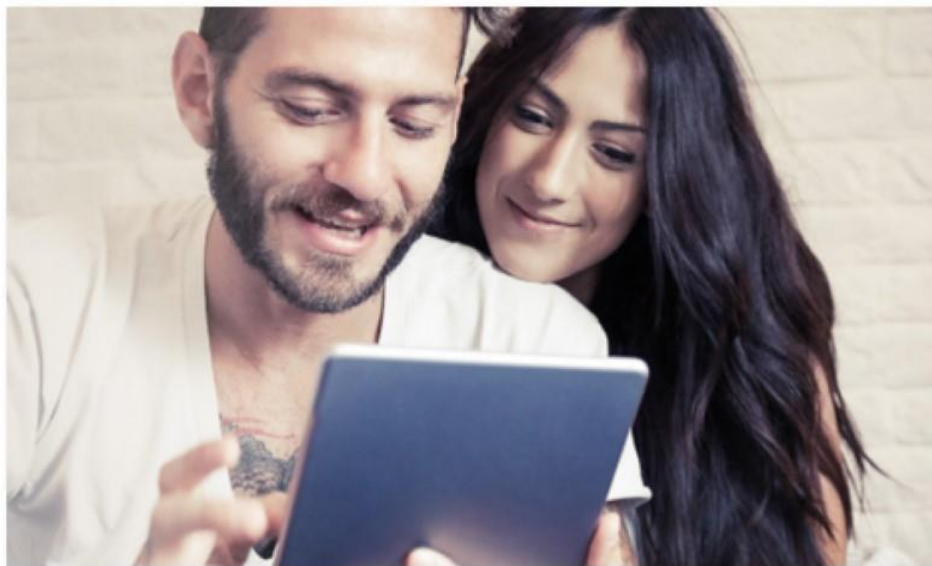
- Examples of disqualifying coverage include:
 - Medicare
 - TRICARE
 - VA Benefits
 - Health Care Flexible Spending Accounts (non-limited purpose)



Tax Filing Status

- Must not be a dependent on someone else's tax return

Who Owns the HSA?



Ownership

- HSAs are individually owned by the accountholder
- Each spouse may open their own separate HSA



Common Spousal Usage

- Funds can be used on spouse and tax dependents
- Can order an additional debit card and added as authorized use



Tip from the Experts

Financial experts recommend that each spouse open their own HSA in their name. This allows for catch-up contributions to be made for each spouse once they are age 55.



WHAT HAPPENS TO MY HSA IN THE EVENT OF MY DEATH?

Beneficiary	What happens to the HSA
Spouse	<ul style="list-style-type: none">Your spouse will open their own HSA, if they do not already have oneThe funds from your HSA will be transferred to their account
Someone other than your spouse	<ul style="list-style-type: none">Funds will be disbursed to the beneficiary via checkFunds are no longer treated as an HSA and become taxable
Your estate	<ul style="list-style-type: none">Funds will be disbursed to the estate via checkFair market value of the HSA is included on your final income tax return



Tip from the Experts

Adding or changing your beneficiary is easy when you use the Participant Portal. Log in and navigate to Profile then locate the beneficiary section. No paperwork needed!



WHAT ARE HSA QUALIFIED EXPENSES?

- Medical plan deductibles and coinsurance
- Qualified Medical Expenses
- Dental and vision care services & products
- Use HSA dollars to pay for qualified medical expenses for your spouse or dependents (they do not need to be covered under the medical plan)

Other items to consider:

- Health coverage while receiving unemployment benefits
- COBRA continuation coverage
- Qualified long-term care
- Medicare premiums and out-of-pocket expenses, Parts B, C, and D
- After age 65, can withdraw for other expenses (taxed)



Health Savings Accounts



The IRS determines how much you can deposit into your HSA each CALENDAR year.

2026 IRS Contribution Limits (CALENDAR YEAR)

	Individual Coverage	Family Coverage
Total Contribution (Employer & Employee Combined)	\$4,400	\$8,750
Additional contribution	Those 55 years of age or higher, but not yet enrolled in Medicare, can fund an additional \$1,000/year “catch-up” contribution.	

*Employee must have HDHP in place on December 1, 2025 AND must maintain HDHP through December 31, 2026 to satisfy IRS “Last Month Rule” for employee to maximize IRA allowed calendar year contribution in 2022.

NOTE: The company contributions needs to be subtracted from the total annual IRS contribution limit when determining an employee’s own yearly contribution amounts.

GETTING THE MOST FROM YOUR HSA





Getting the most from your HSA

Elect to contribute to an HSA.

Open your HSA so you can:

- Collect your employer's contribution, if offered.
- Receive tax advantages on your contributions, earnings, and healthcare spending.
- Increase your ability to pay for out-of-pocket medical expenses – both expected and unexpected costs.
- Save for healthcare expenses in retirement.



33%

of people enrolled in an HSA-qualified health plan who don't open their health savings account.

Getting the most from your HSA

Review your strategy regularly.



Major Life Changes


- Job change
- Marriage
- Birth or adoption of children

Performance Reviews

- Wage increase
- Commission payment
- Bonus or other incentive payment

Miscellaneous

- Tax season
- HSA Day
- Financial planning sessions



Be sure to review your strategy
at least ***annually!***



TWO TYPES OF HSA RELATIONSHIPS

**SPONSORED VS. NON-
SPONSORED
RELATIONSHIPS**



SPONSORED VS NON-SPONSORED

What it Means to Sponsor an HSA Program

When you choose to sponsor an HSA program, it means you choose a **single partner** to administer your plan and you facilitate employee enrollment in the plan.

Feature	Sponsored	Non-Sponsored
Single point of contact for all HSAs	✓	✗
Single administrator for all benefit accounts (HSA, HRA, FSA, etc.)	✓	✗
Data integrations with payroll and/or benefits systems	✓	✗
Flexible enrollment options	✓	✗
Flexible contribution options	✓	✗
Benefit plan reporting and/or analytics	✓	✗
Multi-benefit debit card	✓	✗
Integrated HSA investment option	✓	?
Consistent participant service experience	✓	✗
Consistent participant education and resources	✓	✗

WHAT TO LOOK FOR IN AN HSA PARTNER



CRITERIA IN CHOOSING A PARTNER



Education

- Onsite
- Webinar
- Online

Flexibility

- Plan design
- Enrollment strategy
- Contribution strategy

Technology

- Analytics
- Employer portal
- Participant portal
- Mobile application

Service

- Licensed & certified HSA & TPA Account Managers
- In house support for employers and participants

Easy

- Streamlined onboarding process
- Intuitive technology
- Dedicated support

RECENT LEGISLATIVE CHANGES



HSA LEGISLATIVE CHANGES

First Dollar Telehealth Coverage

- No longer makes on ineligible for HSAs
- Previously expired end of 2024 and is retroactive to beginning of 2025

Direct Primary Care Arrangements (DPC)

- Starting Jan 1, certain DPC will not longer be treated at "other impermissible health coverage" for HSA eligibility purposes as long as certain conditions are met
 - Fixed fee charge cannot charge more than \$150/mo for individual coverage or \$300/mo for Family.
 - Cannot provide the following:
 - Services that require general anesthesia
 - Prescription drives (other than vaccines)
 - Lab services not traditionally administered in an ambulatory primary care setting



HSA LEGISLATIVE CHANGES (CONTINUED)

Bronze/Catastrophic Marketplace Coverage

- Starting Jan 1, all bronze and catastrophic plans on the Exchange or Marketplace will HSA eligible



DEPENDENT CARE FSA LEGISLATIVE CHANGES

Limit Increase

- Starting Jan 1, Dependent Care FSA contribution limits increase from \$5000 to \$7500 (\$3,750 for married couples filing separately)



THE FUTURE OF HSA

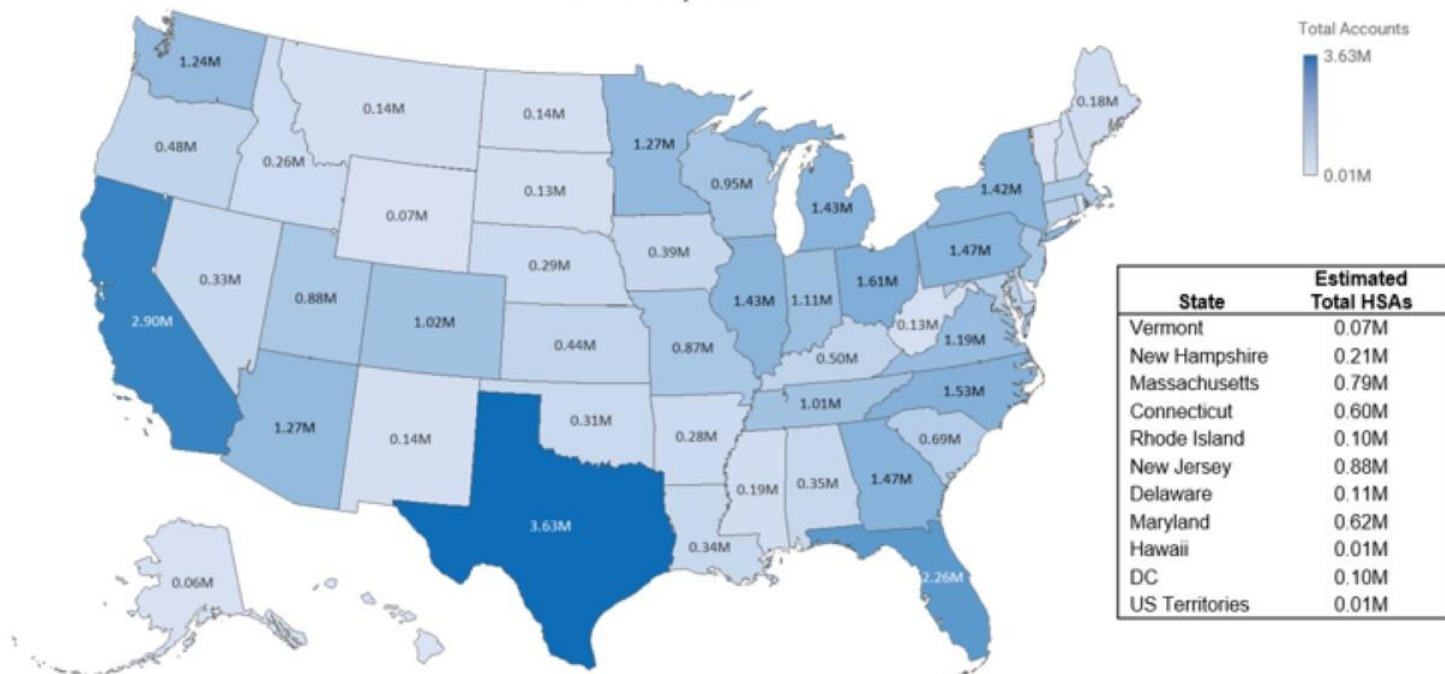




The future of HSAs

HSAs will continue to grow in popularity.

Total HSAs by State



As of the end of 2024:

39M+

Number of HSAs open
in the U.S.

\$147B

Assets held in HSAs

The future of HSAs

New laws and regulations *could* improve access and satisfaction.

HSA bills in Congress would:

- Allow more Americans to participate
- Expand the list of eligible healthcare expenses



Questions?



Want to learn how Associated Benefits Connection can help you achieve your HSA savings goals?

Visit AssociatedBank.com/HSA

Already an Associated Benefits Connection participant?



Contact Us

**Call our Participant Services team at 800-270-7719
Monday through Friday 7 a.m. to 7 p.m. CT
or email us at ParticipantServices@AssociatedBank.com.**