

STORE NAME



HEALTH SAVINGS ACCOUNTS **draft**

[Store Name] is pleased to offer Health Savings Account (HSA) benefit option for our qualifying employees in 202X.

An HSA is an innovative tool approved by Congress to help employers and employees gain control over the increasing costs and limitations of traditional health insurance. It allows participants to use a tax preferred savings account, in combination with a high deductible health plan to pay many of their own health expenses directly with tax free dollars. And the best part; unused funds can be saved tax free for future years' expenses, or as a retirement account after age 65.

Contributions to the savings account are also tax deductible, either through payroll deduction or at tax filing time.

Please see the enclosed for an HSA Plan benefit summary and a Q&A about how it works.

Cordially,

[Store Name]

HEALTH SAVINGS ACCOUNTS

Your Questions Answered

What is an HSA?

A Health Savings Account, or HSA, is a tax-exempt account with a financial institution in which your own funds accumulate to pay for medical expenses. HSAs were created in response to the rising cost of health care to give consumers control of their health care costs as part of a movement towards consumer-driven health-care. HSAs allow you to enjoy tax reductions while having more affordable health insurance premiums.

There are two parts to the HSA concept. ❶ A qualified High Deductible Health Plan (HDHP) to provide medical benefits for the individual or families, and ❷ An authorized Financial Institution to provide individual savings accounts for participants to save and withdraw their funds from. The plan offered by Western Grocers qualifies as an HDHP as authorized by the Federal Government. And our relationship with [Payroll Service or Bank] provides an easy method for accumulating savings and using a debit card to pay for medical expenses.

What is the Value to Employees / Participants?

Tax Advantages

❶ Qualified Health Savings Accounts are tax-deductible, tax-deferred and tax-free:

Tax-deductible – Contributions to your HSA can be deducted from your gross income.

Tax-deferred – HSA funds grow without being subject to taxes until they are used for non-eligible medical expenses.

Tax-free – The funds in an HSA are completely tax-free when used for eligible medical expenses.

❷ Funds rollover from year to year, and funds used after age 65 can be used tax-free for eligible medical expenses or at your normal tax rate for any other reason.

❸ Over the life of your Health Savings Account, you could save thousands of dollars in taxes.

Control over choices

You decide when to go to the doctor, which doctor you want to see, and how much you are willing to pay for providers not covered in the underlying insurance policy. Many qualifying expenses are beyond those covered in your medical plan, such as over the counter drugs.

Transportability

If an employee leaves their job, their HSA and the previously made contributions go with them.

How are the Benefits different?

See the plan summary enclosed. This plan was designed specifically to be helpful to employees that want to be in more control of their own medical expenses.

What are the costs?

[Store Name] employees participating in the HSA option will pay ❶ premium share each pay period, and ❷ their medical care expenses up to the plan deductible paid from your HSA bank account.

Premium ~ Per Employee

	Total Cost Per Month	Employee Cost per Pay Period
Employee	\$	\$
Employee & Spouse	\$	\$
Employee & Child	\$	\$
Family	\$	\$

What medical expenses qualify for reimbursement?

One of the beauties of this plan is that medical services are defined much broader than the medical insurance plan. Things you can pay for through your HSA include, Over-the-counter medications, Well Care visits, Massage, Chiropractic, Naturopathic, Preventative Scans, etc... There is no limit to how much you can spend for these broader qualified services except for the annual deductible limit.

Note: A complete listing of qualified medical expenses is listed in IRS Publication # 502.
<https://www.irs.gov/forms-pubs/about-publication-502>

How does my savings account get created?

[Store Name] will be making a deposit of \$_____ for each participating employee at the beginning of the year. Then you can make your own contributions through payroll deduction, or periodic contributions to the account (up to the qualified annual limit). It works very much like a regular bank savings account.

How much can I contribute each year?

Each participant can contribute additional funds up to no more than 100% of the deductible from the qualified health insurance policy. For [Store Name] HSA Plans in 202x that amount is \$_____

How does the reimbursement process work?

Participants are provided two options to draw money from their accounts for medical expenses; 1) a “Debit Card” that they can pay direct with, or 2) a reimbursement request form they can mail in. [Bank or Payroll Service] administers this for participants in a way that is simple and easy to understand, or 3) Employees may also elect to have their own special checks just for this purpose.

What kind of records do I have to keep?

Each participant reimburses themselves after incurring a medical related expense. Just like any Tax record, you are expected to keep expense receipts in the event of an IRS audit.

Who handles the money?

[Bank or Payroll Service] is one of the nations leading providers of qualified Savings Account services, and is **FDIC insured**.

What if I start one and then want to cancel next year?

Each annual enrollment you have the choice to continue the plan or to convert back to a traditional plan if that better suits your needs.

What happens to the money if I don't use it?

It will always be your money to use for medical related expenses for your lifetime. If money is in your account after age 65 you can use it for medical costs, health insurance premiums, or treat it like an IRA and pay current tax on any money you choose to withdraw.

How do I get more information?

Call us, write us, or email us, and we will answer any questions you have about the insurance plans.

<https://www.westerngrocerstrust.com/contact/>

And you can contact [Bank or Payroll Service] for more information about how the savings account works.