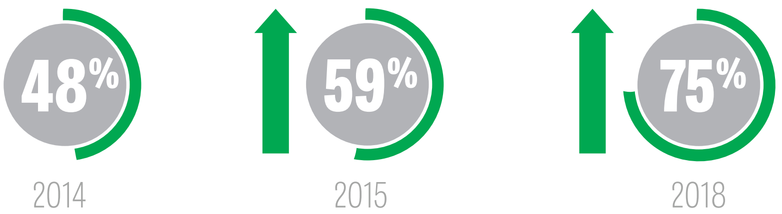
5 Reasons Why HSAs Are an Employer's Dream Offering

1

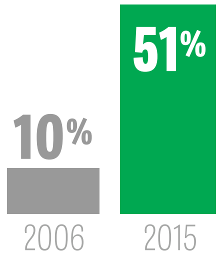
They're Cutting-Edge & Popular with Millennials.

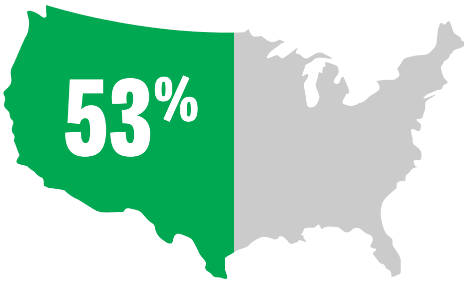


U.S. Based Companies Offering HDHPs

Since the passing of healthcare reform, many employers have moved to high deductible health plans (HDHPs) to control premium costs while promoting smarter healthcare spending. Among the 2,500 companies surveyed by benefits consultant Mercer in 2015, **59%** said that they offer an HDHP, up from **48%** in 2014. By 2018, it is projected that **three-quarters** of U.S.-based companies will offer HDHPs.

With the adoption of the Affordable Care Act (ACA), many of our nation's young adults are opting for the higher deductible plans. According to the Kaiser Family Foundation, **10% of employees in 2006** were enrolled in employer-sponsored high-deductible plans; however, that number shot up to **51% of employees in 2015**, with about half of America's "young invincible" opting for these affordable premium plans.





53% of millennials are worried about running out of money in retirement.

2

They’re Affordable & Portable.

Health savings accounts, or HSAs, are available for people less than 65 years old with high-deductible employer or individual health insurance coverage, including ACA plans. The plan deductible must comply with IRS guidelines for individual and family coverage. What makes a high-deductible plan more attractive is the premium. HDHPs typically see a premium percentage lower than preferred provider organization (PPO) plans.

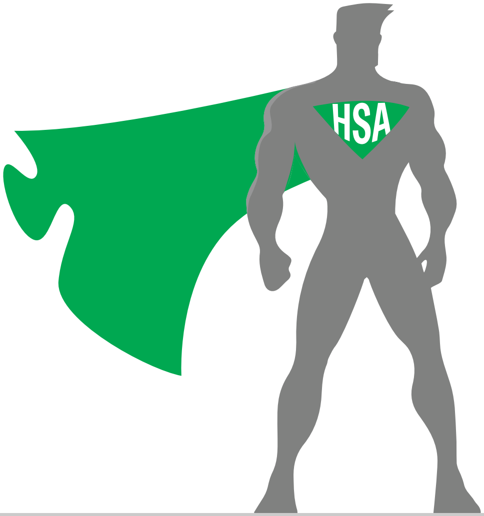
An HSA isn’t affected if an employee changes employers; his/her HSA follows him/her to the new employer. Once the money is deposited in the account, the money is the employee’s to save, use or invest. There is no expiration date and the money can be passed on to beneficiaries upon death.

Individual **Small Business** **Large Employer**

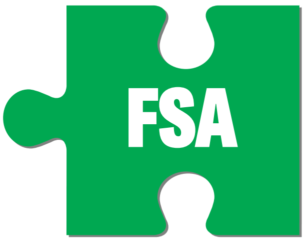
A common misconception is that a business must be a certain size to offer HSAs. As a low-cost alternative to help keep premiums under control, they are popular among **individuals, small businesses** and **larger employers.**

3

They Increase Employee Engagement & Control.



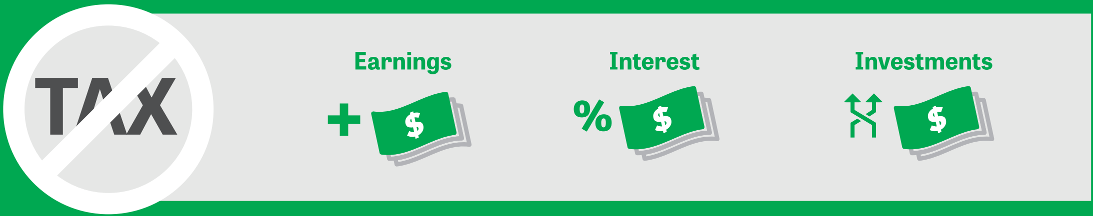
It’s true: HSAs make employees feel like they can control and manage their money the way they want to. Whether it be using an HSA for a prequalified medical expense or saving for retirement, they decide how and when to spend it. Offering an HSA gives employers a great opportunity to advise their employees on the best decisions for their wellness and financial well-being.



KNOWING *the* DIFFERENCES

Many employees are familiar with flexible spending accounts (FSAs) and how they work, so it is important they understand the difference between an FSA and an HSA. Keep in mind the ‘use it or lose it’ provision with FSAs. HSAs provide retirement options as well as the possibility of employer contributions. Educating employees on the similarities and differences between an FSA and an HSA will help increase their awareness and engagement in utilizing the account.

They're an IRA in Disguise.



Employees can contribute to their HSA and accrue interest just as they would an IRA. The triple tax advantages of HSAs lead the pack for why HSAs are a great bet for investment dollars: Account contributions are pre-tax or tax-deductible, and all **earnings, interest,** and **investment** returns are tax-free. This is a great way to encourage employees to be financially strategic and healthy in their decisions this enrollment season.

Funds from an existing IRA can even be rolled over into an HSA. This is a once-in-a-lifetime option, but one to possibly consider when looking at the tax advantages of an HSA. The overall goal is to ensure the HSA complements their existing portfolio, including their 401(k).

IRA *or* HSA?

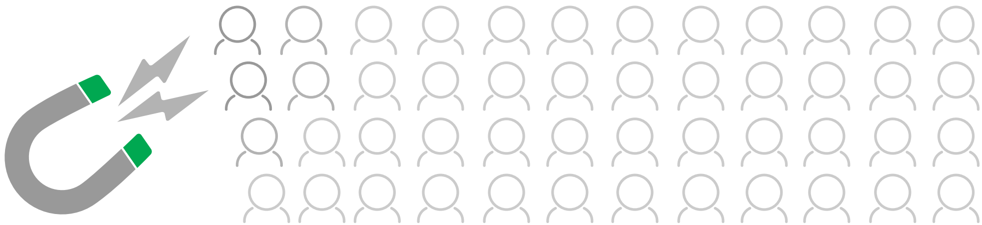
HSAs offer more flexibility and benefits over an IRA but fewer rules than "traditional" retirement vehicles.

IRA	HSA	Money grows tax-deferred
IRA	HSA	Contributions are tax-deductible[1]
IRA 10% tax to age 59	HSA 20% tax to age 65	Penalty tax applies to withdrawals that don't follow IRS rules
	HSA	Use tax-free money at any age to pay for qualified medical expenses
	HSA	Use funds to pay for long-term care insurance, COBRA premiums and health insurance premiums while receiving unemployment[2]
	HSA	Use funds to pay for health insurance premiums[3]
	HSA	No required minimum distributions or means testing

[1] If eligible [2] Before age 65 [3] After age 65 and does not include MediGap

5

They Drive Engagement & Employee Retention.



It is common knowledge that it takes more time and resources to attract a new employee than it does to retain a current one. That’s why it is more important now than ever to pay attention to your existing employee base. Holding HSAs for employees tends to increase their loyalty and decrease the chance that they will leave the company. The goal here is **employee retention.**

Improve attraction and retention of key employees by offering a competitive benefits package through an HSA-based strategy. Any money left over in the HSA at the end of each year remains in the account and continues to roll over—tax deferred and earning interest into retirement.

Don’t just offer an HSA solution–offer the industry’s best HSA solution with Associated Bank’s HSA Plus.

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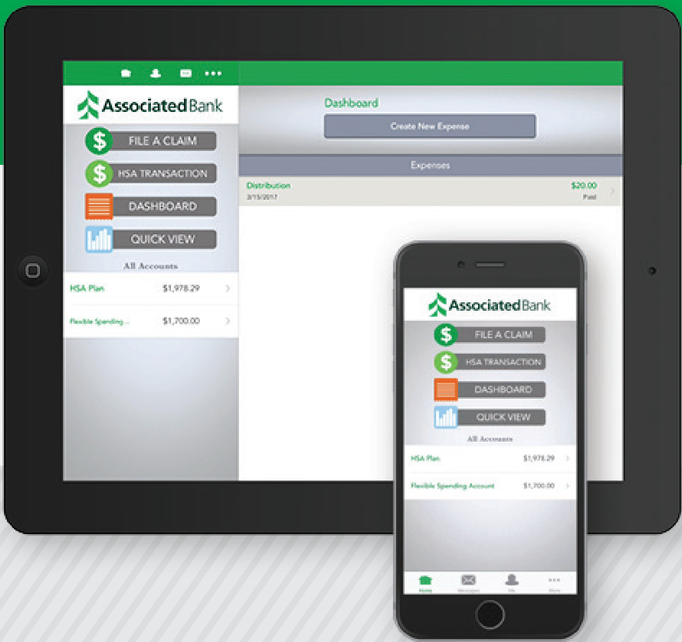

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