



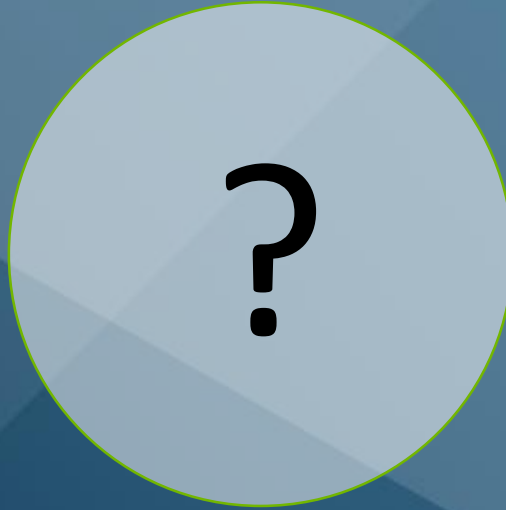
➤ July 16, 2025

Health Savings Accounts (HSA): The Smart Benefit for Tax Savings and Wealth Building

Before We Begin



We are
recording today's
webinar



Submit your
questions at
any time



Please
complete the
exit survey

➤ Our Presenter: Carolyn McNairy



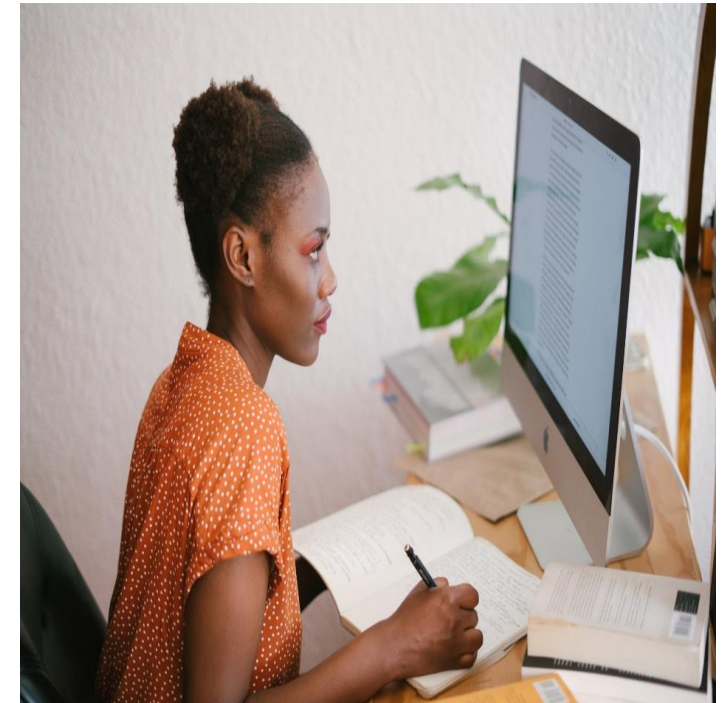
- is the Vice-President of Strategic Partnerships for TCB.
- Carolyn has been in the employee benefits and administration since 1978, specializing in Employer compliance.
- She has served as Sales Vice-President of Compliance Services and is currently a member of TCB Legislative Compliance Team.
- She has received ECFC's highest award designation of Certified Flexible Compensation Instructor (CFCI).
- Carolyn is a graduate of UTC (University of Tennessee at Chattanooga) where she received her Bachelors degree in Business Administration.

➤ Agenda

- ✓ HSA 101
- ✓ Current Stats and Trends
- ✓ What's in store for the future of HSAs?
- ✓ HSA Investments and Plan Design
- ✓ Questions

➤ Today's Objectives

- Define an HSA and other tax-favored arrangements
- Determine eligibility to contribute to an HSA
- Know the limits on contributions to an HSA
- Explain the effects of distributions not used for qualified medical expenses





HSA 101

➤ HSA 101

- HSA stands for Health **Savings** Account
- Owned by the Employee and not the Employer
- Monies can be contributed tax free, grow tax free and withdrawn tax free
- Eligible expenses are defined in IRS Pub 502
- There are two options available in the marketplace today
 - Embedded HSAs with an Health Insurance Carrier
 - HSAs managed by a Third-Party Administrator

Poll Question #1

Does an HSA stay with the taxpayer even if the taxpayer changes jobs?

- Yes
- No

➤ HSA Benefits

- Amounts contributed can be used as an adjustment to income
- Contributions to an HSA by an employer may be excluded from gross income
- Contributions remain in the account
- The interest on the assets in the account are tax-free
- Distributions will be tax-free
- An HSA is portable
- There is no deadline



➤ Who is eligible for an HSA?

To contribute to an HSA, an employee needs to:

- Be covered *ONLY* by an HSA-qualified health plan
 - Other health coverage (including Medicare, a traditional health plan) may disqualify them
- No full purpose FSA (including through a spouse)
- Not claimed as a dependent on someone else's tax return



➤ Rules for Married Individuals

- Each spouse must open separate account
- No joint HSAs
- In the event of death
 - spouse must be named as beneficiary



➤ HSA Limits

Health Savings Accounts (HSAs)	2025	2026
HDHP min annual deductible - Self-only	\$1,650	\$1700
HDHP min annual deductible - Family	\$3,300	\$3,400
HDHP out-of-pocket max - Self-only	\$8,300	\$8,550
HDHP out-of-pocket max - Family	\$16,600	\$17,000
HSA max contribution limit - Self-only	\$4,300	\$4,400
HSA max contribution limit - Family	\$8,550	\$8,750
HSA catch up contribution limit (age 55)	\$1,000	\$1,000

➤ How do employees make contributions to an HSA?

- Make pre-tax contributions through payroll deductions
 - Change payroll contributions at any time
 - Employers can limit number of changes if stated in plan documents
- Make post-tax contributions directly to an account opened by employee
- Fully fund the HSA on day one
- Make contributions anytime after the HSA is open
 - Can make contributions up until April 15th for the previous tax year

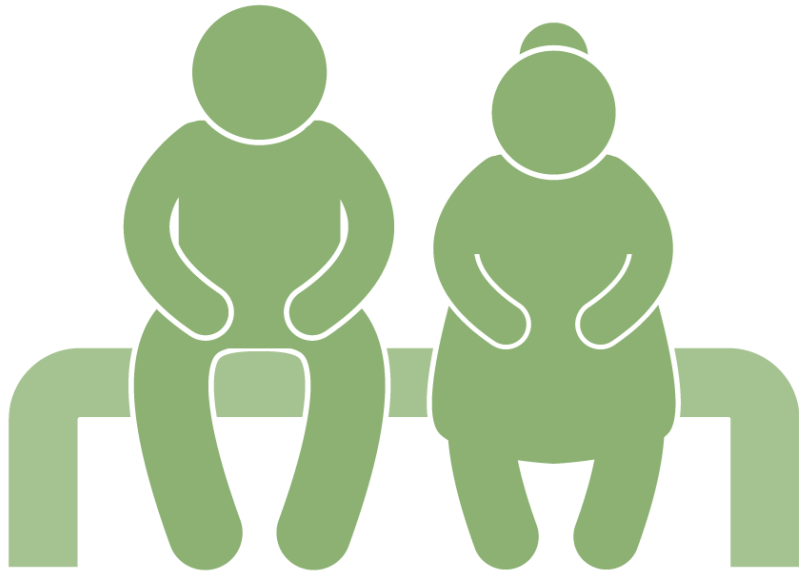


➤ Untapped Potential of HSAs

- One of the most overlooked options in employee benefits
- 1 out of 2 Americans unfamiliar with HSAs
- Those that think they know HSAs believe there is a “use it or lose it” rule
- Triple Tax Advantage



➤ Healthcare Costs in Retirement



The average couple retiring this year will incur **\$270,000*** to cover medical expenses during retirement

This is approximately **\$345,000** gross withdrawal from traditional 401(k) plan to achieve net **\$720,000** medical expense in retirement**

-or-

Only **\$220,000** tax free withdrawal from HSA

* Fidelity Benefits Consulting <https://www.fidelity.com/viewpoints/retirement/retirees-medical-expenses>

** Assumes 33% tax rate

Poll Question #2

Frank is retired and has no other health coverage except for Medicare. Can he open an HSA to cover his additional medical expenses?

- Yes
- No

➤ Cover the Medicare Gap

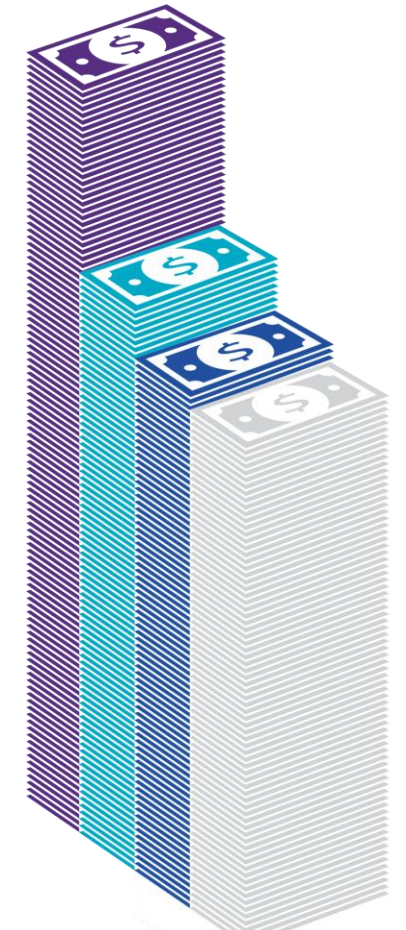
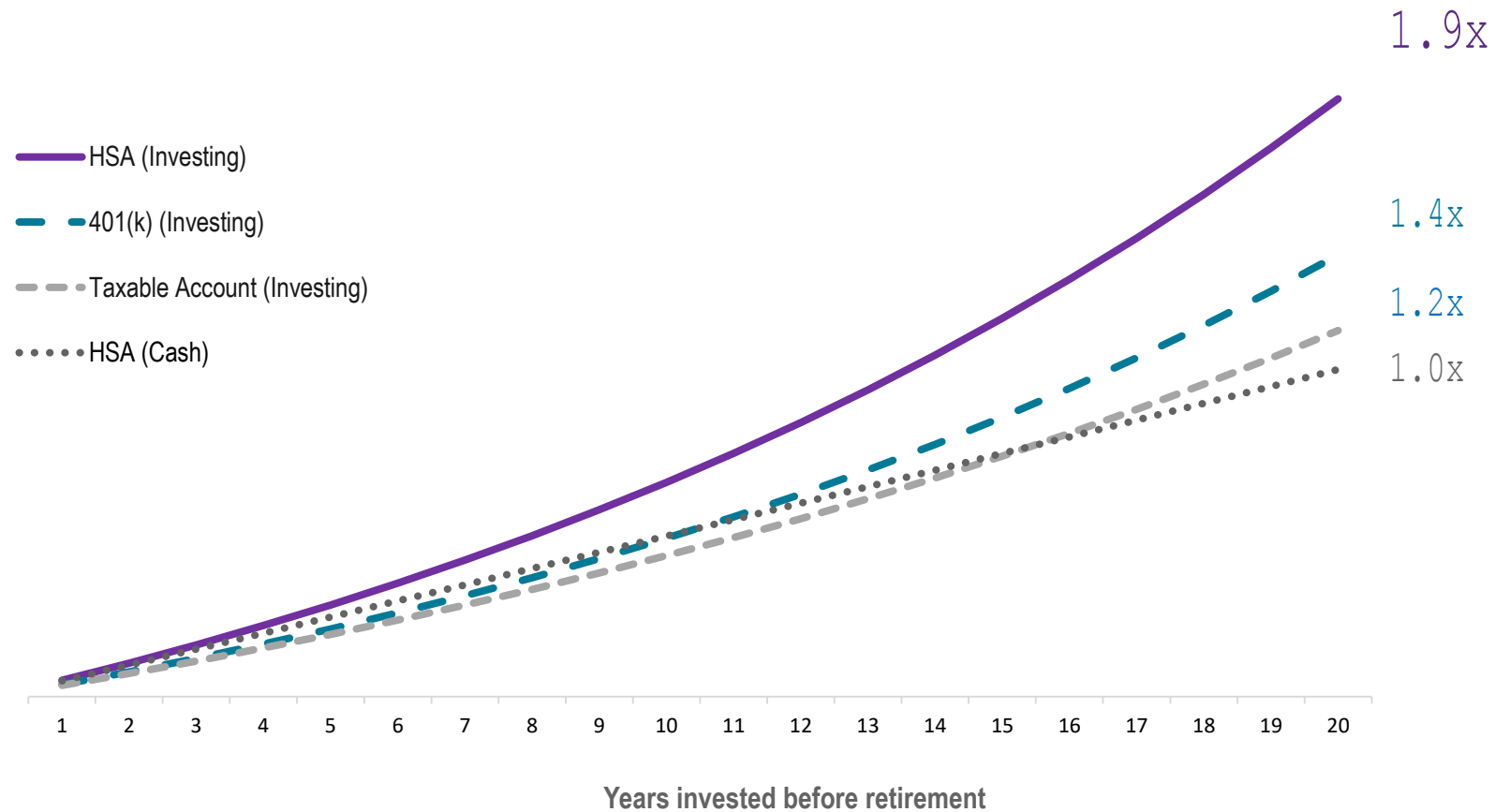
Qualified medical expenses not covered by Medicare always be paid from an HSA tax-free.¹

- Prescriptions
- Medical
- Dental
- Vision
- Hearing expenses
- Copays
- Premiums



1. HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

INVESTING HSA FUNDS CAN PRODUCE UP TO 90% MORE QME* FUNDS AT RETIREMENT



* QME stands for Qualified Medical Expenses identified in IRS Pub. 502 and the Cares Act of 2020. | Note: The example used is for illustrative purposes only. The example assumes the account holder is: (1) saving and not spending the monthly contribution of \$416.67 (\$5,000 per year) (2) continuously investing the balance and the minimum investment threshold is met (3) that the chosen investments produce an average 6% return annually (4) pre-retirement all-in income taxes assumed to be 30% (5) post-retirement income tax assumed to be 20% with no assumed payroll taxes. | Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

➤ Distributions from an HSA

- Unreimbursed medical expenses
- Qualified medical expenses
- Must keep records
- Mistaken distributions



➤ Qualified Insurance Premiums for HSAs

- Long-term care insurance
- Health care continuation coverage, such as coverage under COBRA
- Health care coverage while receiving unemployment compensation
- Medicare



➤ Three Reasons to Use a TPA

1. **Control** – You don't have to change your HSA if your health plan changes. Using a stand-alone TPA, allows you to keep your HSA even if your employer changes health plans.
2. **Cost** – HSAs that are embedded from your health plan are often presented as free, but the administrative cost is passed on to you in the form of increased premiums
3. **Employee Value** – By using a TPA , the HSA can be combined with other account offerings and accessed through a single web portal, mobile app and benefit card

Poll Question #3

Arnold has a high-deductible health plan with an HSA with his company his mother contributed to his HSA as a gift on his 40th birthday. Is this an allowable contribution?

- Yes
- No

➤ Limited Purpose FSA and HSA Together

- Limited Purpose FSA is compatible with HSA
- Allows participants to set aside pre-tax funds for dental/vision
- Preserves more funds in HSA
- Better serves mid-term and long-term objectives
- What if you offer a general purpose FSA?

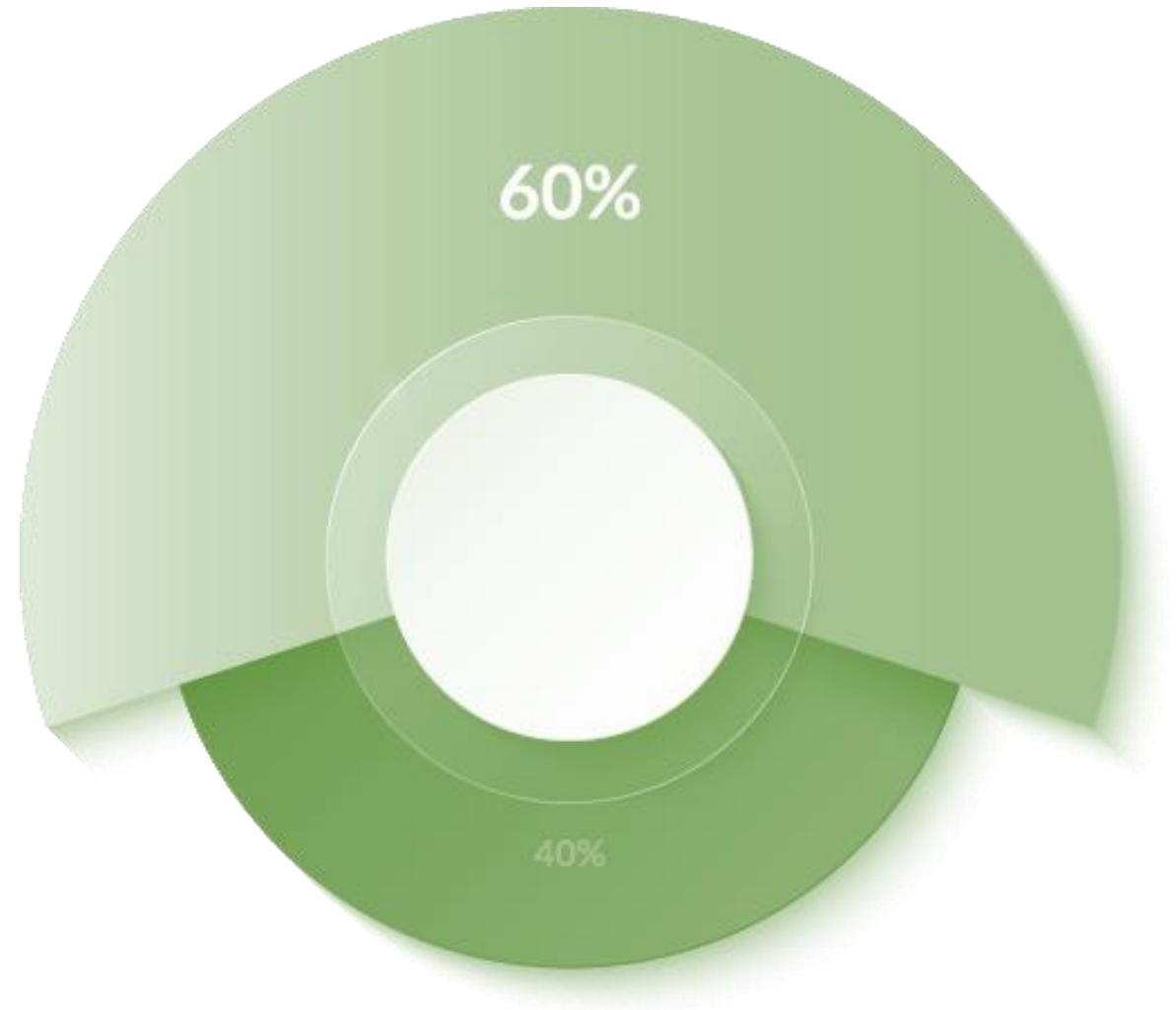




Current Stats and Trends

➤ Benefit Trends

- **60%** of employees are interested in their employer providing a wider mix of non-medical benefits that they can choose to purchase on their own



<https://www.metlife.com/employee-benefit-trends/>

Key Findings: 2024 Year-end Devenir Report

- **Robust asset growth**
 - With a growing base of investors and continued strong market gains,
 - HSA investment assets rose to an estimated \$147 billion across 39 ML accounts at year end, year-over-year increase of 19% for assets and 5% for accounts..
- **HSA contribution and withdrawal growth remains muted**
 - Account holders contributed over \$56 billion to their accounts in first half of 2024 (up 11% from the year prior)
 - Withdrew almost \$42 billion from their accounts during same period (up 10% from year prior).

Source: Devenir Research Report

Poll Question #4

From January - June Adele participated in her employer's HDHP and made monthly contributions to her HSA. In July she was laid off and remained unemployed without health insurance through December. Can she contribute for the entire year?

- Yes
- No

➤ Looking Forward

- The HSA market will reach 48 million accounts by the end of 2027, holding over \$197 billion in assets
- Investing opportunities continue to surge – Account holders are utilizing their account's unique ability to be invested and used as a long-term savings vehicle
- 93% of employers find it important to be part of their employees' long-term financial wellness through the health and retirement plans
- Benefit education continues to be the primary driver to adoption and employee value

Source: BenefitsPro and Devenir Research Reports



➤ One Big Beautiful Bill Act (OBBBA)

HSA Enhancements

- The OBBBA incorporates three expansions for HSAs:
- Telehealth Coverage;
- Bronze and Catastrophic Plans available on Exchange as HDHPs;
- Direct Primary Care (DPC);



HSA Investments and Plan Designs

➤ The Investment Feature of an HSA

- Without the investment feature, HSA would be just an FSA with full carryover
- Investment options empower participants with choice
- But choice can be confusing



➤ Custom HSA Funds

- Many make the “401k Mistake”
- HSA investment objectives are different from 401k
- 3 Investment Objectives of an HSA Participant
 - Current Year Expenses
 - The 7-Year Spike
 - Retirement



BASIC'S HSA Solution

➤ Custom HSA Funds

- Custom HSA Funds are an allocation of investments, like any mutual fund
- Tailored to HSA investment objectives
- Available in three levels of risk: Conservative, Moderate and Growth
- Managed for performance and low cost
- Continuously monitored and managed by 3rd party advisor
- Oversight by BASIC's investment committee
- Removes the confusion of investment selection!



A background image showing a group of people in a meeting or classroom setting. In the foreground, a person's hands are visible, holding a pen and writing on a notepad. Other people are blurred in the background, some with their hands raised as if participating in a discussion or activity.

Understanding Investing in an HSA

- There is always some risk
- Provide a high-quality set of investment funds
- BASIC works harder to provide the best investment options
 - Investment committee
 - 3rd party advisor
 - Quarterly performance reviews
 - 10 scoring criteria used for constant evaluation
 - Every major investment class and style represented
- Confidence in fund line up – but what to choose?

Table of Accounts

ENTERTAINMENT ACCOUNT											RETIREE FUNDED HRA (FHRA)				
TRANSPORTATION MAINTENANCE ACCOUNT											MEDICARE HRA	WELLNESS REIMBURSEMENT ARRANGEMENT		RETIREE BILLING ACCOUNT	
HOME EXPENSES ACCOUNT	GAS PLUS ACCOUNT	WORK CLOTHES ACCOUNT									SPOUSAL INCENTIVE HRA	INTEGRATED FUNDED HRA (FHRA)		LEAVE OF ABSENCE BILLING ACCOUNT	
BUSINESS / PROFESSIONAL ACCOUNT	BIKE ACCOUNT	HOME OFFICE ACCOUNT									EMERGENCY EXPENSE HRA	INDIVIDUAL COVERAGE HRA (ICHRA)		DIRECT BILLING ACCOUNT	
PET CARE / INSURANCE REIMBURSEMENT ACCOUNT	TRANSIT ACCOUNT	WORKPLACE TOOLS	PROFESSIONAL BUSINESS EXPENSE ACCOUNT	CHILD ADOPTION ASSISTANCE ACCOUNT	EMERGENCY LOAN ACCOUNT	STUDENT LOAN REIMBURSEMENT ACCOUNT	SCHOLARSHIP FUND	HOLIDAY CLUB ACCOUNT	LIMITED PURPOSE HEALTHCARE FSA (LPFSA)		QUALIFIED SMALL EMPLOYER HRA (QSEHRA)	HEALTHCARE PREMIUM (NESP) REIMBURSEMENT ACCOUNT	EMPLOYER MEDICAL CREDIT ACCOUNT	COBRA ACCOUNT	
WELLNESS REWARDS ACCOUNT	PARKING ACCOUNT	TRAVEL & BUSINESS MEALS ACCOUNT	EMPLOYEE ACHIEVEMENT / AWARD ACCOUNT	DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT	EMERGENCY EXPENSE REIMBURSEMENT ACCOUNT	TUITION REIMBURSEMENT ACCOUNT	CRISIS FUND ¹	INCOME CONTINUATION ACCOUNT	HEALTHCARE FLEXIBLE SPENDING ACCOUNT (HFSA)	HEALTH SAVINGS ACCOUNT (HSA)	HEALTH REIMBURSEMENT ARRANGEMENT (HRA)	EXCEPTED BENEFIT HRA (EBHRA)	EMERGENCY MEDICAL LOAN ACCOUNT	STATE CONTINUATION ACCOUNT	
LIFESTYLE	COMMUTER	BUSINESS EXPENSE	FAMILY	OTHER		↓	↓	↓	FSA	HSA	HRA	OTHER	CONTINUATION	COMMITMENT	
FRINGE BENEFITS						EDUCATION	GIVING (all 501c3)	WEALTH	HEALTHCARE					PREMIUM COLLECTION	Endless Aisle

☆A tax-advantaged account.

¹Account can be configured as a tax-advantaged or non tax-advantaged.

THINK BEYOND TRADITIONAL BENEFITS

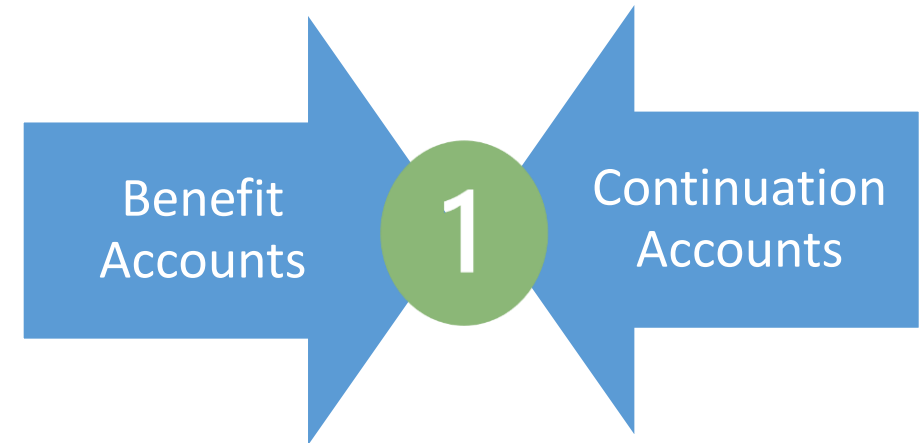
➤ Integrated with BASIC Consumer Driven Accounts (CDA)

- **ENDLESS AISLE:** Over **50** benefit accounts available
- **HIGHLY CONFIGURABLE:** Employers create the program **their way** with ability to easily change/add accounts at any time.
- **ONE PLATFORM:** Remove complexity with **one** website, **one** mobile app, **one** login, and **one** stacked card for all benefits.



➤ BASIC's CDA Platform

- ✓ All Continuation & Benefit Accounts on **one platform**
- ✓ Continuation clients have **easy access** to “Endless Aisle” of benefit accounts
- ✓ **Employee-Centric:** respond to & manage diverse needs of workforce at any life stage
- ✓ Vendor **consolidation**
- ✓ **Peace of Mind:** Audit Guarantee and Hold Harmless



➤ Features Customers Will Love

Improved Feature Functionality

- ✓ Single sign-on for **everything**
- ✓ **Better**, more responsive service
- ✓ **Participants pay *their way*** - Participants can use BASIC Card or any other major credit/debit card for premium payments, set up auto-pay or choose to print and send coupons with check via mail - and they can do it "on the go" through the app
- ✓ **Integrated** web-based & mobile participant experience
- ✓ **Industry-leading** security



➤ PARTICIPANT FEATURES

PLAN MANAGEMENT

- ✓ Single Sign In
- ✓ One Mobile App:
 - Biometric Security
 - Picture to Pay
 - Request a Reimbursement
 - Receipt Repository
 - ATM Locator
 - Eligible Expense Lookup

ACCESS TO FUNDS

- ✓ BASIC Card (stacked)
- ✓ MyCash Account
- ✓ Card Lock
- ✓ BASIC Wallet
 - Card Holder
 - Card Management
- ✓ Fast Reimbursements

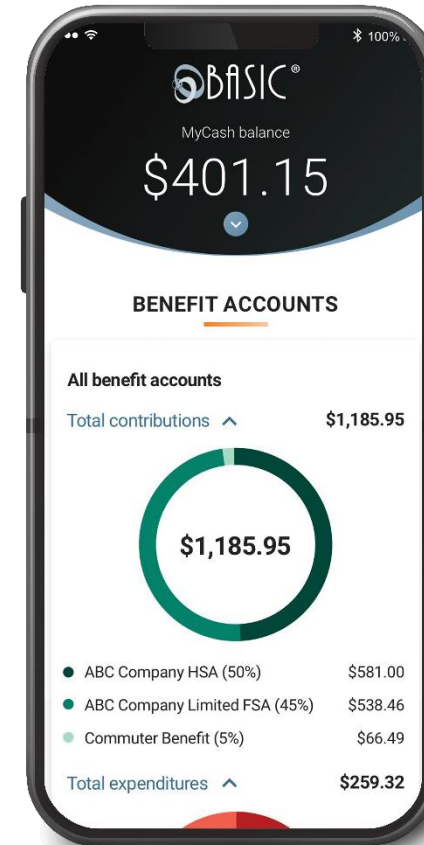
CUSTOMER SERVICE

- ✓ Alerts
- ✓ Experienced customer care

BONUS FEATURES

- ✓ FREE Giving Account

➤ Stacked Card and Mobile App



Our Mission

- Beneshop is on a mission to make healthcare products easier and more affordable.
- We strive to be the “**Kayak for Healthcare Products and Services**” to help participants find, compare, and buy FSA/HSA eligible products and services.
- Beneshop provides a wide variety of products, services, brands, and retailers all in one location making shopping for healthcare easier and more affordable.



beneshop™

Merchant Partners

Scrip Hessco®

Walmart
Save money. Live better.

PERSONALABS
Your Health In Your Hands

LENSCRAFTERS®

OFB
ORTHOBRACING

LIFE LINE SCREENING®
The Power of Prevention

ContactLensKing.com

B.
Babywise.life

DISCOUNT
CONTACTLENSES.com

eyeglasses.com®
Clearly Better Vision + Value

contactsdirect

BRACEABILITY

Walgreens

amazon

FemiClear®

CVS
pharmacy™

Discount
MEDICAL SUPPLIES®
By Doctors, for Patients and General Public

AC Lens

my LABBOX

AVACAREMEDICAL

GLASSES.COM

DISCOUNT
GLASSES.com

baby earth®
everything for baby's world

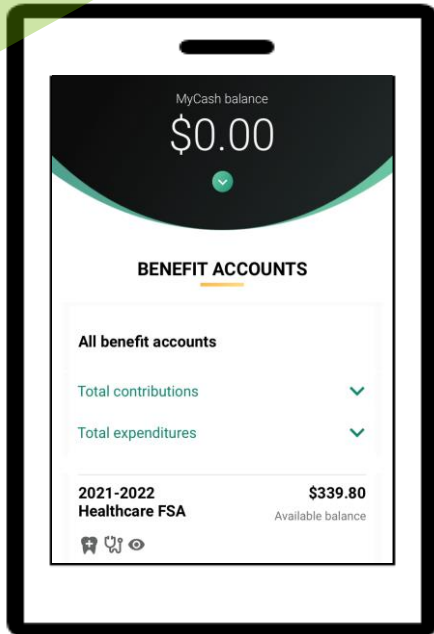
eivitamins®

eyeconic®

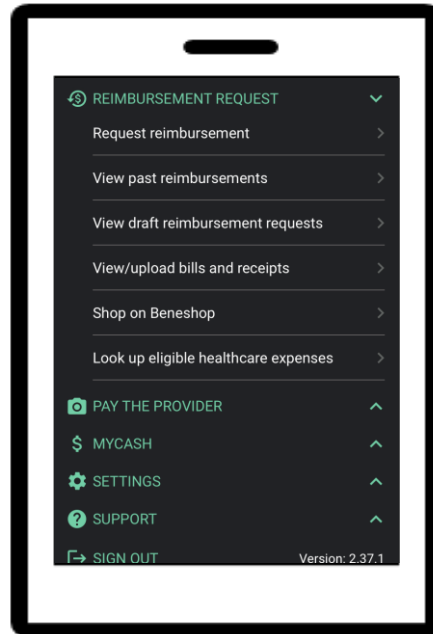
HealthLabs.com
Fast, Private & Affordable Lab Testing

allegromedical

How does it work? TPA to Beneshop



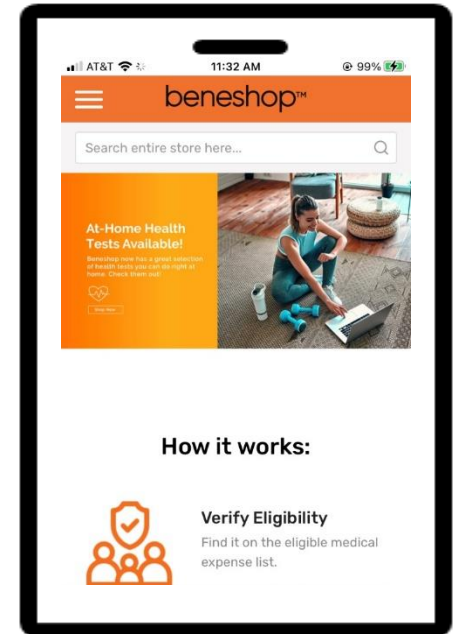
Participants login to the BASIC App.



Navigate to the upward arrow.

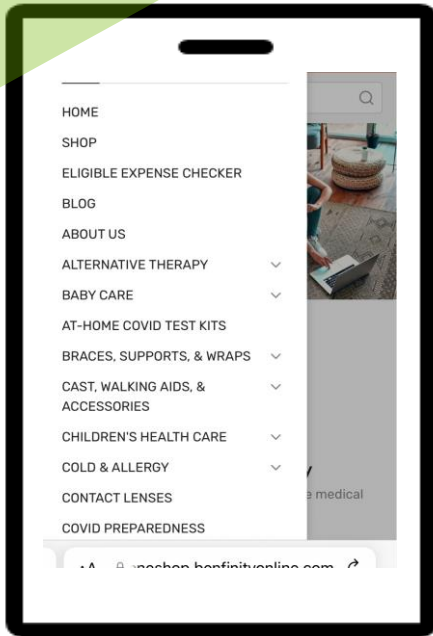


Click on "Shop on Beneshop".

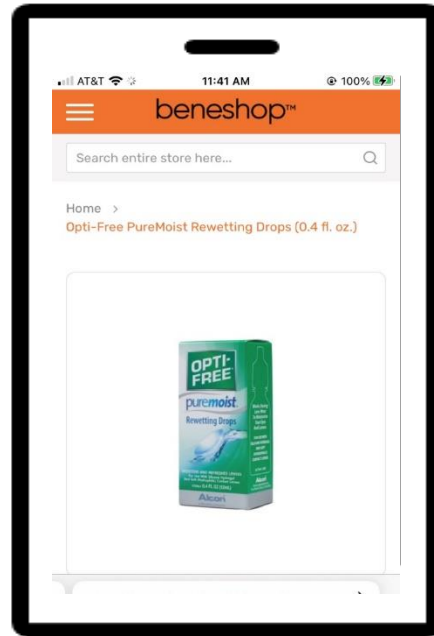


The participant is then redirected to beneshop.

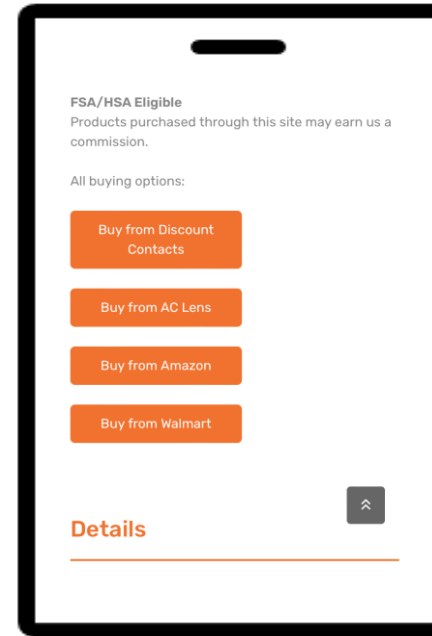
How does it work? Beneshop to Partner



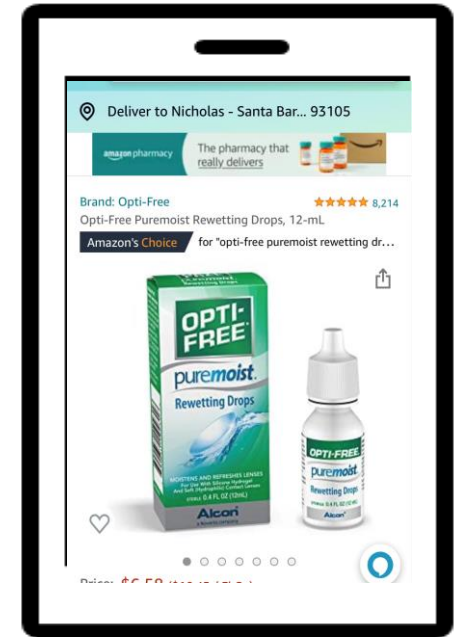
Browse over ~2800 products and services from multiple merchants with ~125 categories.



Navigate to a specific product or services.



Click on the merchant partner you wish to purchase from.



Complete the transaction on the merchant partner of choice.



BENESHOP

Bausch + Lomb Alaway Antihistamine Eye Drops, 0.34 Ounces/10 ML

Be the first to review this product

Eye drops for itch relief: Help relieve eye allergy symptoms caused by pollen, ragweed, grass, animal hair & dander in minutes with these antihistamine eye drops containing ketotifen.

✓ In stock SKU 00310119022412

FSA/HSA Eligible

Products purchased through this site may earn us a commission.

FSA/HSA Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and for the purpose of affecting any part or function of the body. They don't include expenses that are merely beneficial to general health.

All buying options:

\$13.95

Buy from AC Lens

\$15.79

Buy from CVS

\$13.95

Buy from
DiscountContactLenses.com

\$15.95

Buy from
DiscountGlasses.com

\$17.97

Buy from Amazon*

Compare Products

You have no items to compare.

Use the convenience of your **benefits debit card** to easily purchase eligible items online.



Even more value...

- Access to **Plan Advisors** to help create a unique, attractive benefits program
- **Reduce** payroll taxes pretax benefits
- Get **unlimited** benefits at one low rate
- **ZERO** dollar Health Savings Accounts (HSAs) – FREE Administration!
- New **Giving Accounts**



Before Q&A



Certificate and
Slides in the
Handouts
section



Receive an email
tomorrow with
the recording



Please
complete the
exit survey

QUESTIONS

View our current webinar schedule at
www.basiconline.com/webinar.



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