



# HSA Guide

for Employers



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# HSA Guide

Lively is a modern Health Savings Account (HSA)  
Invest in Your Health

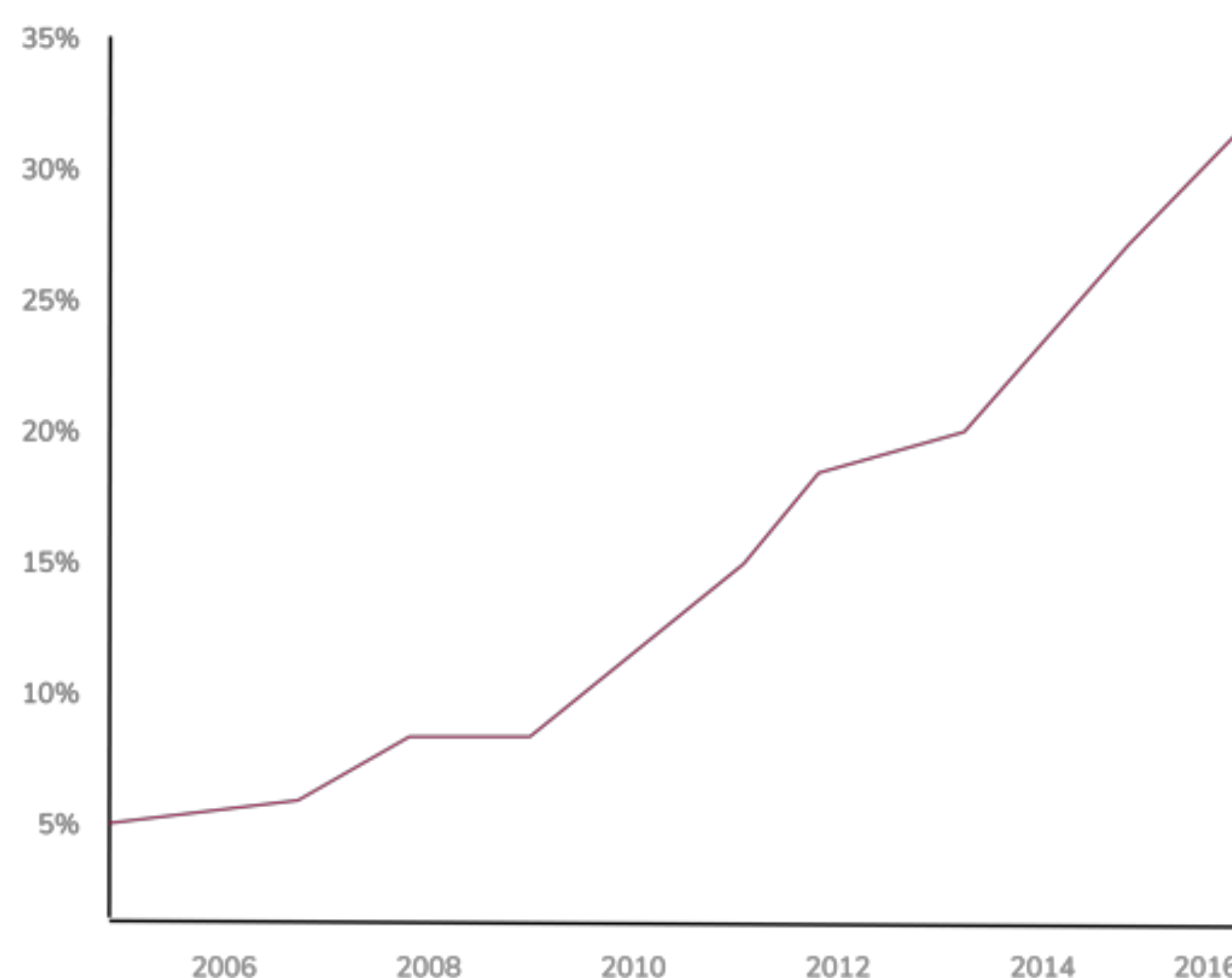
## Healthcare Landscape

Healthcare is expensive and insurance premiums keep rising, while coverage continues to shrink. Employers seem to be stuck between a financial rock and a hard place when offering affordable healthcare to employees. Ever wonder if healthcare is the biggest financial threat to an employee's long-term financial security and savings? Let's look at the numbers:

- Healthcare costs are the #1 source of credit card debt for Americans. Individuals pay \$9,990 per year, on average.
- Health insurance premiums for employers account for more than \$4,708 per employee each year and often times these costs are passed onto their employees.

Because of this, many employers and employees are looking for a solution that could wedge us out of this predicament. Enter the Health Savings Account (HSA). HSAs have grown 23% over the last year resulting in over 21 million accounts largely based on the growth of High Deductible Healthcare Plans (HDHP), which now account for 29% of all employer-sponsored health plans. The number of employees enrolled in HDHPs has increased 20% in the last two years. We expect these trends will accelerate in the next several years as costs just continue to rise and with them, HSAs. We've put together this guide to help you navigate all things HSA.

HSA Eligible Health Plan Growth



An HSA will not solve the healthcare problem in the US, but it provides a clear and direct way for employees to pay for out-of-pocket medical expenses, tax-free and save for healthcare costs well into retirement.

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## HSA 2.0

### HSA Review

HSAs were established as part of the Medicare Prescription Drug, Improvement, and Modernization Act in 2003. They were developed to replace the medical savings account (MSA).

An HSA or Health Savings Account is a personal savings account for health expenses. In more technical terms, an HSA is an interest-bearing savings account that can be used for health-related expenses with contribution limits set annually by the IRS. Think of it like a 401(k) for healthcare, but with extra tax savings. You can use the money for all qualifying health related expenses.

An HSA is not a healthcare plan, but can (and should) be used in conjunction with an HSA eligible healthcare plan (Like a high-deductible healthcare plan (HDHP)).

### HSA Search: Top HSA Providers

#### Highest User Ranking

Lively	★★★★★
SelectAccount	★★★★☆
Liberty Health Bank	★★★★☆
First American Bank	★★★★☆
The HSA Authority	★★★★☆
Kitsap Bank	★★★★☆
Avidia Bank	★★★★☆
HSA Bank	★★★★☆
Health Equity	★★★★☆
HealthSavings Admin	★★★★☆

Source: [hsasearch.com](https://hsasearch.com)  
January 2018

### HSAs Today

HSAs were quickly adopted by large financial institutions, but were limited by their antiquated technology. The modern HSA, must include features like:

- Paperless sign up (for employers and employees) in under 5 minutes
- Automated payroll deductions so you can fully automate the process and never worry about it
- Simple transparent pricing that includes free for groups with 9 or less enrolled and \$4 PEPM for 10+
- HSA investments with no minimum balance (Many providers still require at least \$1K in cash)

“Best I have seen is Lively, which gives you TD Ameritrade brokerage for \$30 annually, no minimum balance.”

via [Reddit](#)

“Move to Lively HSA, best in the business if you want to Invest.”

via [Reddit](#)

Adding an HSA to benefits offerings before, during or after open enrollment should save money and time. A modern HSA ensures the features employers and employees expect are at their fingertips.

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## HSA Eligibility (quick check list)

### How to Qualify (employers)

In order to make pre-tax contributions, employers must satisfy a few conditions, including having a section 125 plan (for C-Corps, S-Corps, LLC/LLP). However there are many other options for post-tax contributions or unique ways to for individuals to enroll while being part of an employer health plan. Contact the Lively support team and we can outline each use case and HSA options for you.

### How to Qualify (employees)

Employees must be enrolled on an HSA-qualifying high-deductible health plan (HDHP). These plans have lower premiums and higher deductibles than traditional healthcare plans. Under 2018 federal regulations, HDHPs that qualify must have deductibles of \$1,350 or more for an individual and \$2,700 for a family. If your employer does not offer an HSA as part of your high deductible health plan, you can sign up as an individual (or family) and contribute.

### How it Works

HSA limits are set by the IRS (each year) and you can contribute up to \$3,450 for individuals and \$6,900 for families, in 2018. Employers can contribute to an employee account as well. Employees can use an HSA to pay for any qualified medical related expenses and unlike an FSA, there is no “use it or lose it” policy. Employees can keep any additional funds in your account to pay for medical expenses next year or in years to come. Employees 55 years of age and older can also add an additional \$1,000/year in catch up HSA contributions.

In addition, all HSA contributions are eligible for personal use (non-health-related expenses) after you turn 65 years old. If you use it prior to 65, it operates just like a 401(k) – employees pay ordinary income taxes and a penalty. It’s a great way to enable employees to save for health expenses and retirement at the same time!

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## Employer HSA Benefits

Employee sponsored healthcare plans are changing, as more move toward HDHPs. They are however, not going away anytime soon. HSAs provide a great service for employers at a very low cost to employers. Let us show you some additional benefits.

**Employee costs.** As we mentioned, healthcare costs are the #1 source of credit card debt for Americans. Individuals pay \$9,990 per year, on average. Your employees are working without a safety net. How do you think this affects your company, your culture and your profit margins?

**Employee Productivity.** You live and die by your employee productivity. Did you know that over \$227 billion is wasted each year from “lost productivity”? This includes health-related issues such as sick days, but does not include the normal stress of day-to-day life that limits overall productivity (like those health costs we mentioned above).

**Business Impact.** Employee culture, recruitment, and retainment are huge parts of your company value, offering and market value. If you are unable to recruit and retain employees how can you grow your business? Enhancing your benefits offering is an easy way to differentiate your company in the market without overcompensating with increased salaries.

Adding low cost HR and healthcare benefits like an HSA that will increase your employee's productivity is a simple, direct and a positive influence in this cost vs. benefits equation.

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## Employee HSA Benefits

### Tax-Free Money

Paying for healthcare costs with an HSA means that employees are saving 25%\* off the retail cost. magical words: triple tax benefits. HSAs allow for tax-deductible contributions, tax-free growth through investments & interest and tax-free withdrawals (for medical expenses) which means they can use tax-free money from your HSA to pay for health expenses.

### Save For Today and Tomorrow

The flexibility of a health savings account (HSA) is multi-faceted. Unlike an FSA, there is no “use it or lose it” policy so employees can add money today and use it for years to come. To that point, employees own their HSA account and can take it with them if they leave their current employer and roll it over into a new account just like a 401k. Most importantly, as an employer you are creating long-term savings account to help employees pay for health expenses throughout their life. Even with Medicare, average healthcare expenses for couples in retirement are expected to exceed \$275,000. Having an interest-bearing HSA will help mitigate these health costs.

### Sign Up in 5 Minutes

With all of these financial incentives, you would think signing up for an HSA would be hard. We can’t speak for other providers, but it isn’t with Lively.

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## Which Employees Should Consider an HSA?

### HSA Value for Young Individuals

Younger individuals commonly have lower health costs than other individuals. Using an HSA coupled with an HSA-eligible plan (like a High Deductible Health Plan) is a great healthcare strategy to save both employers and employees money. Younger employees can save money tax-free for expected health costs in years to come.

### HSA Value for the Growing Family

There is no question, income allocation and savings gets harder when employees add dependents to their household. Little Johnny might not understand the value of an HSA today, but they can wow him with their HSA balance in years to come. HSAs provide a great opportunity to pay for unexpected health costs, even if you need to contribute after the fact. Remember once an employee has established their HSA, they can use tax-free dollars to pay for medical bills and other qualified out-of-pocket medical expenses, even if they add those contributions after the quality event.

### HSA Value for the Older

Retirement is full of wonder, leisure, and relaxation, but it’s also filled with health costs. Retirement healthcare costs are expected to exceed \$275,000 for couples – on top of Medicare! Maxing out an HSA prior to retirement creates the only way to save tax-free money and pay for qualified medical expenses tax-free. Any HSA money employees don’t use for medical expenses, after 65 years of age, can be used for anything, just like an IRA or 401k.

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## HSA Success

### Cost Reducing Benefits Strategies

Healthcare costs are rising, likely a major influence in the movement from higher coverage healthcare plans to HSA-eligible plans like an HDHP. These cost reducing benefits strategies are important to balance benefits costs for employers. By adding an HSA, employers can expand their benefits offering, while keeping their cost-reducing strategy in place. On top of that, they are creating a benefits offering that employees can use for years to come. Helping employers understand they can lower benefits costs and expand offerings through this unique opportunity can further your engagement opportunities and sales offering. It's truly a win-win for everyone involved.

### Employer Contribution Strategy

Employer cost savings that results from the selection of an HDHP vs. PPO or HMO can be transferred (fully or partially) to employer HSA contributions. This is one of the only ways, employers can add long-term savings value to an employer's healthcare. While healthcare plans are limited to yearly selections, HSAs go with employees from job to job and year to year. Like a 401k, employees can use and HSA as a savings vehicle over their lifetime and build a health nest-egg for retirement. Helping employers understand this long-term value can help rebalance short vs. longer term benefits offerings.

### Payroll Integration

Adding new partners always seem to mean more work. We took this to heart and built our HSA platform to work with various online payroll providers. This makes the onboarding and management process seamless.

### HSA Education

While HSAs aren't new to the market, the transition from PPOs to HDHPs and how to combine a HDHP with a HSA is new to many employers and employees. The longer-term value of an HDHP coupled with an HSA is likely unknown to many employees. Helping employees understand eligibility, contributions, and tax requirements should be part of the benefits process.

Features like HSA investments further enhance the opportunity to increase health savings and the need for education and understanding. These features can dramatically alter how employers and employees perceive the value of an HSA and their overall benefits selection.

Use Lively as a partner to let us provide this education for your employees. We can take care of the work, you can take the credit.

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## HSA Landscape

There are hundreds upon hundreds of HSA providers from traditional banks and financial institutions to local third party administrators. Many providers nickel and dime customers with hidden fees that average \$26/year according to a recent Morningstar report. This is money that is being taken from employees health savings. Over the life of the HSA, this can reach almost \$1,000 in lost HSA money\*. On top of that, most traditional HSA providers make it difficult to get money out when employees need it most.

Employers and employees need fully integrated, automated and digital benefits experience. As such, HSAs must fit this profile to create the highest level of customer service, support and satisfaction.

By the same inference, employers require these same parameters to help drive employee satisfaction. Adding an HSA to an eligible HSA health plan allows employees to save for the long-term. Selecting a modern HSA, that meets your technological expectations will save you time and money.

HSA Features		
HSA Features	Lively HSA	Traditional HSA
5 Minute Sign Up	✓	✗
Payroll Integration	✓	✗
Transparent Pricing	✓	✗
No Hidden Fees	✓	✗
100% Paperless	✓	✗

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## Common HSA Misconceptions

Employers can only add (or switch) an HSA during Open Enrollment

Unlike health plans and other benefits selection, HSAs are not constricted to open enrollment. Employers can offer a new or switch HSA providers at anytime of the year. In fact, the flexibility of HSAs (in an otherwise stringent health benefits space) allow you to evaluate, review and select an HSA provider at anytime. It's a great way to add a low cost, high value offering to your HR benefits.

HSAs Increase Employer and Employee Health Costs

An HSA is not your healthcare plan but can be used in conjunction with qualifying healthcare plans to save money. You get to choose the contribution amounts. While it would impact your monthly savings, check out these scenarios, to better understand the costs to your long term wealth. In many cases, adding an HSA and it's triple tax advantages will save you money over the long term.

\*Assumes 25 years at 3% annual compounded growth



## Common HSA Misconceptions (continued)

They are only for healthy & young employees

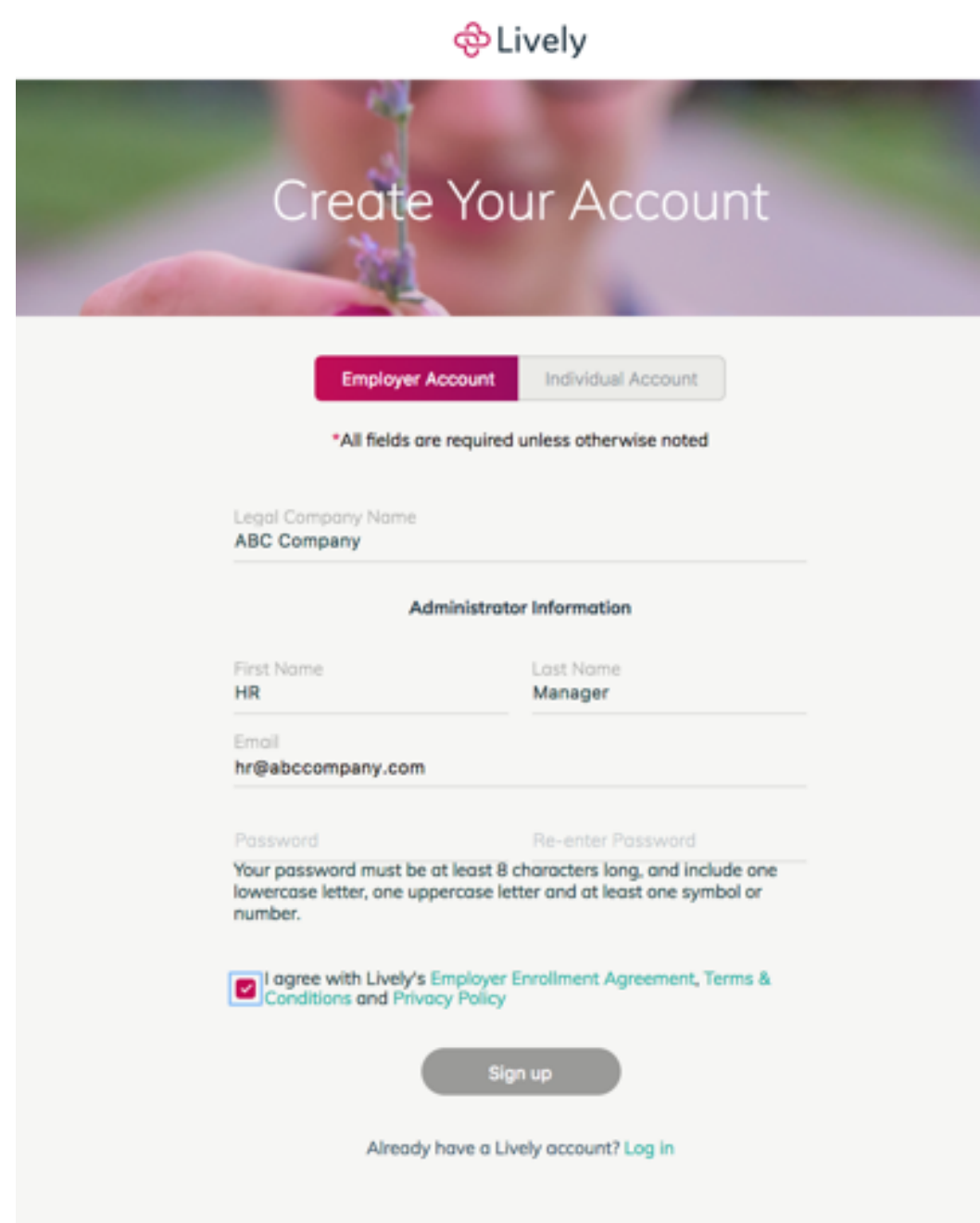
There is no question, HSAs are a great option for healthy young employees to save for future health costs. They are willing to have higher deductibles in exchange for increased health savings. But why does it have to be an either/or? However, for employees with higher expected (or unexpected) out-of-pocket healthcare costs, HSAs provide a way to save tax-free dollars for their expenses. It's like a 25%\* discount off the sticker price.

Older employees have a great perk to look forward to if they contribute to an HSA. In addition to saving health money for retirement, after 65 years of age, employees can use their health savings account (HSA) money non-health related expenses. It's just another interest bearing account (that you can invest) similar to your 401k or IRA.

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## How to Enroll Your Company

Getting up and running within 5 minutes of signing up for an HSA is a requirement for the modern HSA experience.



The screenshot shows the 'Create Your Account' page for an Employer Account. The form includes fields for 'Legal Company Name' (ABC Company), 'Administrator Information' (First Name: HR, Last Name: Manager, Email: hr@abccompany.com), and 'Password' (with a note: 'Your password must be at least 8 characters long, and include one lowercase letter, one uppercase letter and at least one symbol or number.'). There is a checkbox for 'I agree with Lively's Employer Enrollment Agreement, Terms & Conditions and Privacy Policy' and a 'Sign up' button. A link for 'Already have a Lively account? Log in' is at the bottom.

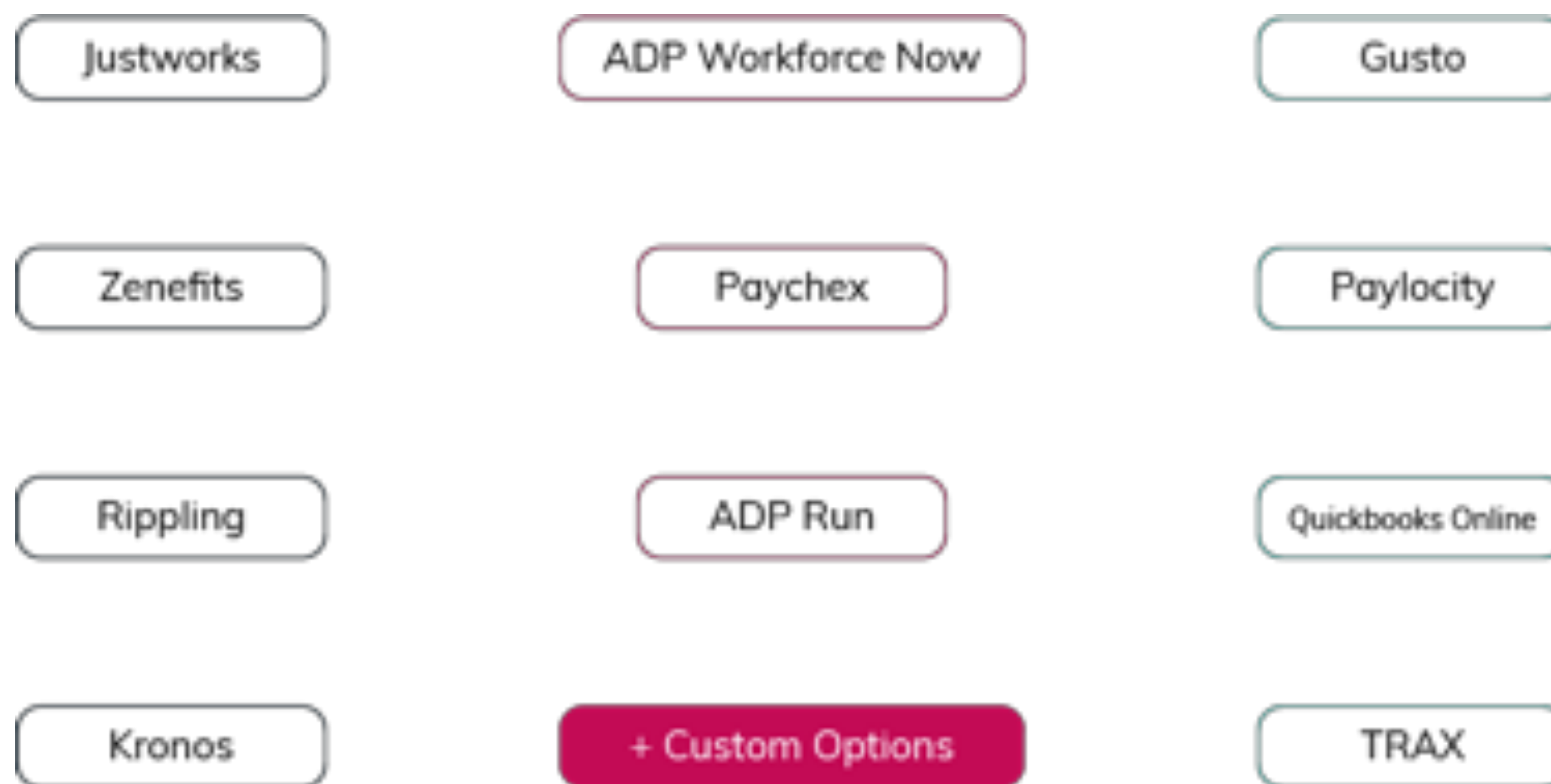
Setting up your company with a Lively HSA can be done effortlessly without the need of completing annoying administrative paperwork. To get started, all you need is basic company information (e.g., legal name, company address, etc.), payroll provider info, and contribution information. Once your sign-u is complete, a member of our customer success team will walk you through a quick walkthrough of our Employer Dashboard and then enrollment emails will go out to each employee with instructions to sign-up.

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\*Assumes 25% state and federal income taxes for individuals or families

## Payroll Integrations

Adding a new benefits solution should increase employer productivity and satisfaction, but at minimum time and cost to you. HSAs need to work with your existing benefits and payroll systems to enable automated scheduled of HSA contributions and eliminate paperwork.



You can effortlessly sync your payroll system to Lively allowing you to streamline company contributions and automate each employee's pre-tax deductions. Lively is currently automated with the following payroll systems: ADP Workforce Now, ADP Run, Paychex, Quickbooks Online, Gusto, Justworks, Zenefits, Rippling, TRAX payroll, Kronos and Paylocity. Contact us for more details on custom integrations as well.

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## HSA Fees

### Employer Fees

Lively believes in transparency and simplicity. Our monthly fee is \$2.95 pepm for employers. Employers never pay other costs from Lively.

### Employers

**\$2.95**  
per month per employee

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Over 500 employees? [Contact us](#)



## Employer Fees (continued)

Common HSA fees can steal money from your employees health savings. Let us help you understand costs to watch out for when evaluating your current or future HSA provider.

### Common HSA fees

- Monthly Maintenance Fees (for individuals) – this is a set fee just for having an account with your HSA provider.
- Debit Card or ATM Transactions and Check Processing – fees for paying for health related expenses.
- Copy of statements – both monthly and tax forms so your employees can properly report and track their HSA usage.
- Legal – fees often associated with legal processing related to an HSA account.
- Account Closure – that's right! If you or your employees ever want to move to a new HSA provider, expect a cost to get out of the "contract."
- Debit Card Replacement – if an employee loses their card, it's going to take time and money to get it back.

### Other Considerations

#### Investments

- Minimum Account Balance – often you will find minimum account balance requirement for employees to invest. \$1,000/account is typical from our research. This is money that is "captive." Even if you could move those funds into a money market account and have it earn 2-3%, that's \$20-\$30 you are losing out on annually.
- Pre-Selected Funds – HSA providers will limit the number of mutual funds for individuals or add fees for non-restricted access. Be aware of the availability before you commit to a new HSA provider.

Lively doesn't believe in nickel and diming employees. Our basic HSA is free for employees. It's \$2.50/month to add investments through TD Ameritrade. There are no other fees from Lively to employees.

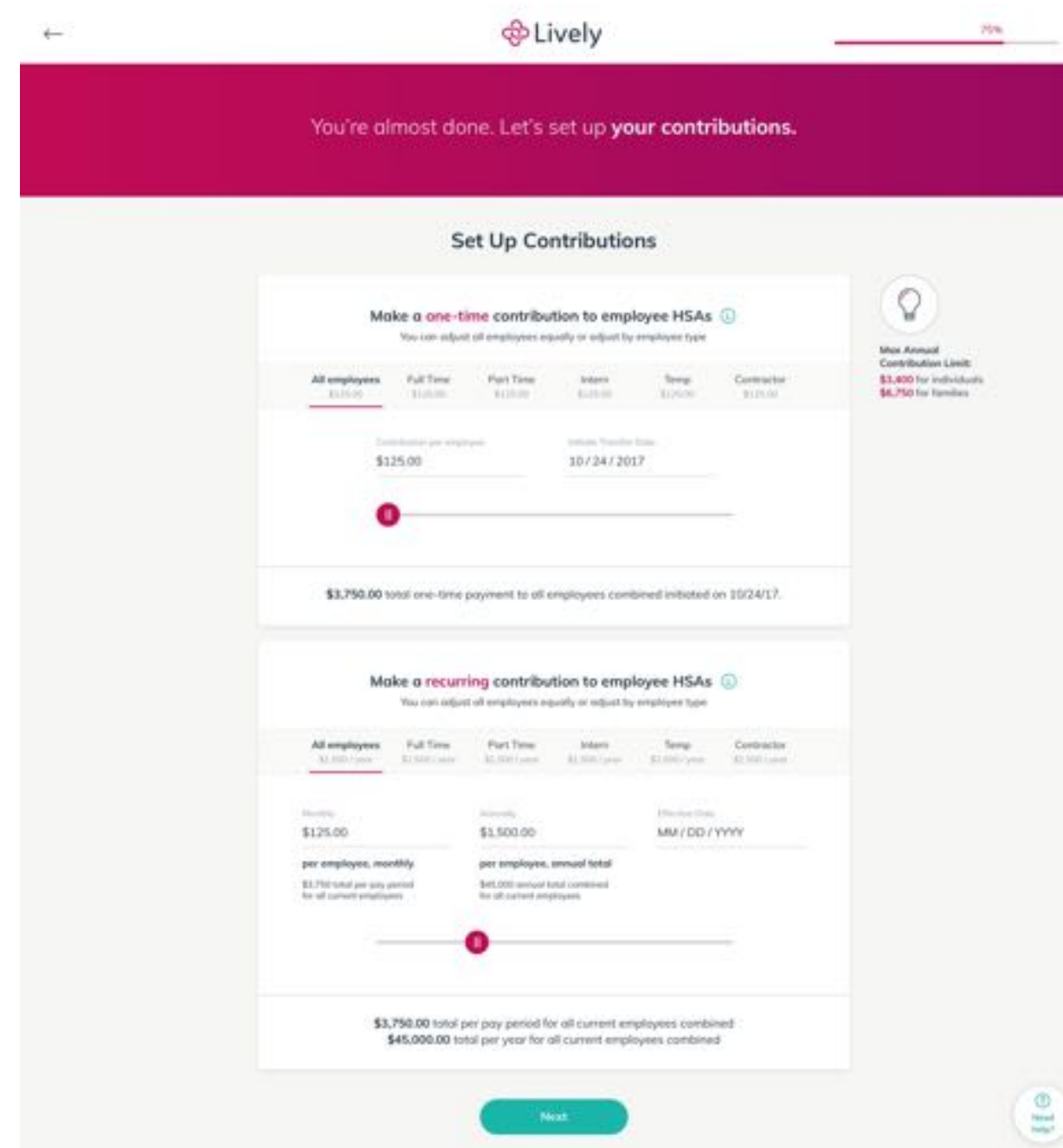
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## Employer Contributions

Manage your contribution in the way(s) that work best for you. One-time or recurring scheduled contributions that can be easily connected to your bank account. Set and automatically contribute as you see fit without any extra work each month.

Use our contributions calculator to understand annual contributions while adhering to yearly IRS HSA tax specifications. Control contributions by employee type and easily transition employees if employment status changes.

## Employer Contributions (continued)

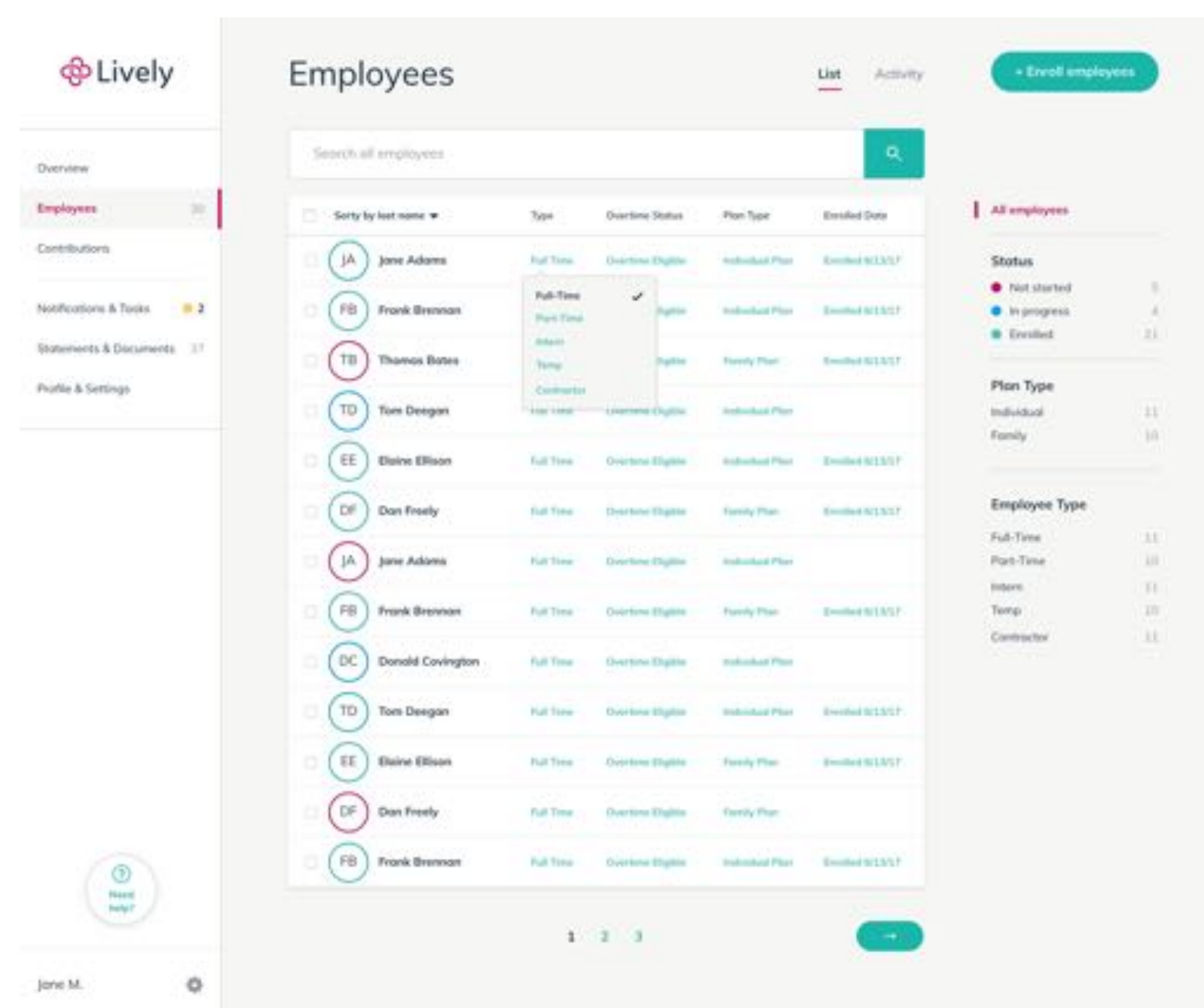


Employers can easily make 1-time and recurring contributions to your employees' HSAs. No longer do you need to fill out paperwork to make contribution changes.

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## Employee Enrollment

Once employer sign up is complete, add employees' details (name and email). They will receive an email to complete sign up and can start using their HSA immediately. Easily add new hires or remove former employees with a click.



If you want to bulk onboard and upload employees all at once, please contact us and we will take care of for you, email [support@livelyme.com](mailto:support@livelyme.com). We make this process easy and simple to save you time.

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## Employee Administration

The employer dashboard displays a seamless view of all employees who have and have not enrolled in the HSA. You can also view individual employee activity such as when they signed up along with if and when they made a change to their contributions.

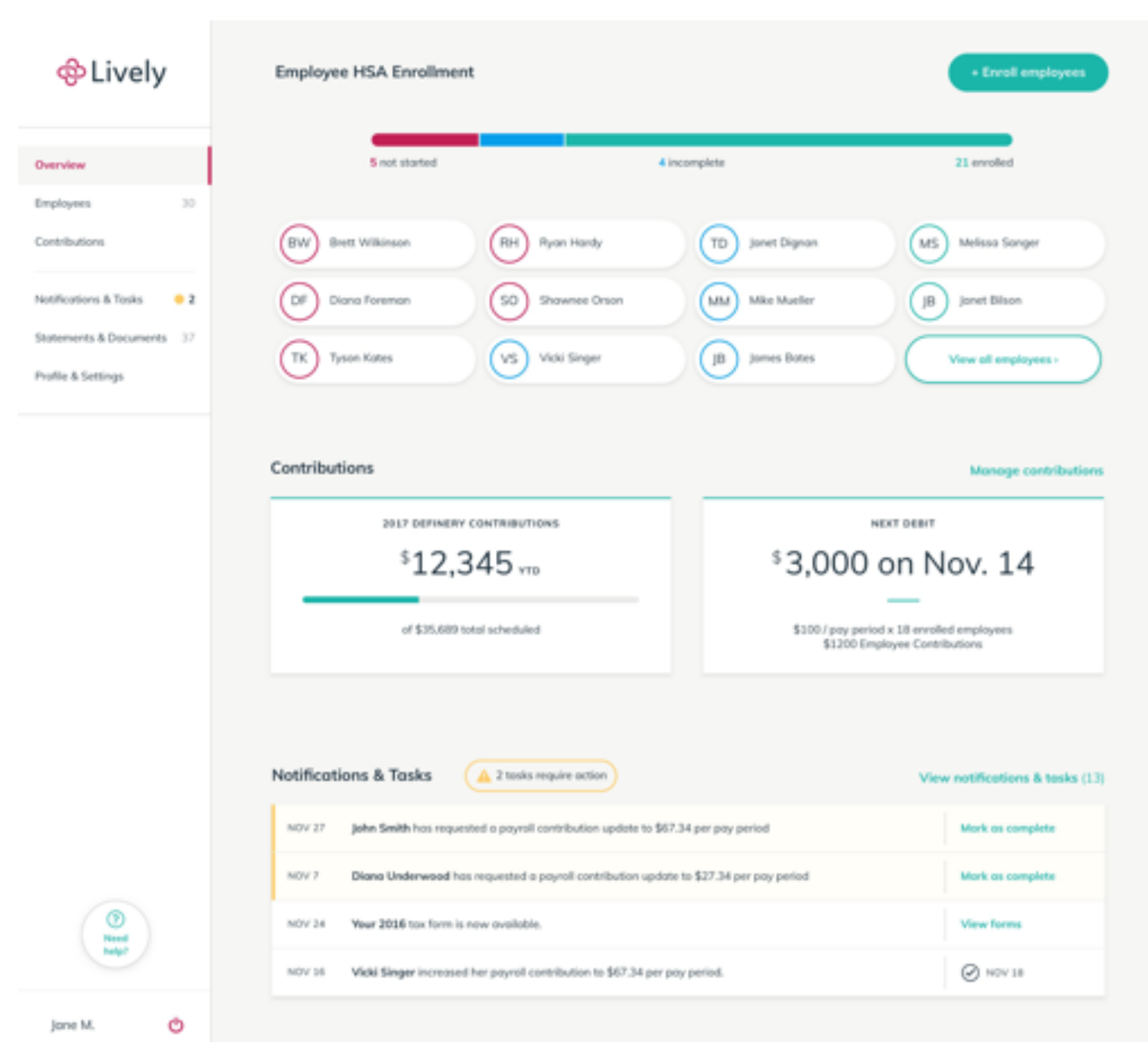


You can manage employees by type and individual contribution level to customize your HSA in the way that works best for you.

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## Employer Dashboard

Manage your HSA with our online dashboard. Make changes, review employee enrollment and employer contributions. See any tasks or notifications that may be important to you.





## Employer Dashboard (continued)

We have had the painful first-hand experience of administering benefits ourselves and we know it isn't easy. The tools and software out there today lack thoughtfulness. We're different and we know that your experience matters, regardless if you're in HR, Finance, Operations, or the founder/CEO.

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## Customer Support

We know how important your time is. We have a dedicated team to support our HSA platform. Talk to our customer service team with help for questions like:

- Company & employee sign up
- Eligible plans
- Payroll integrations and scheduling
- Recurring & one-time company contributions
- Whatever else you might need!

You can also visit our Resource Center to better arm yourself with HSA details and FAQs. If you are unable to find what you are looking for please feel free to let us know at [support@livelyme.com](mailto:support@livelyme.com).

[Read More](#)





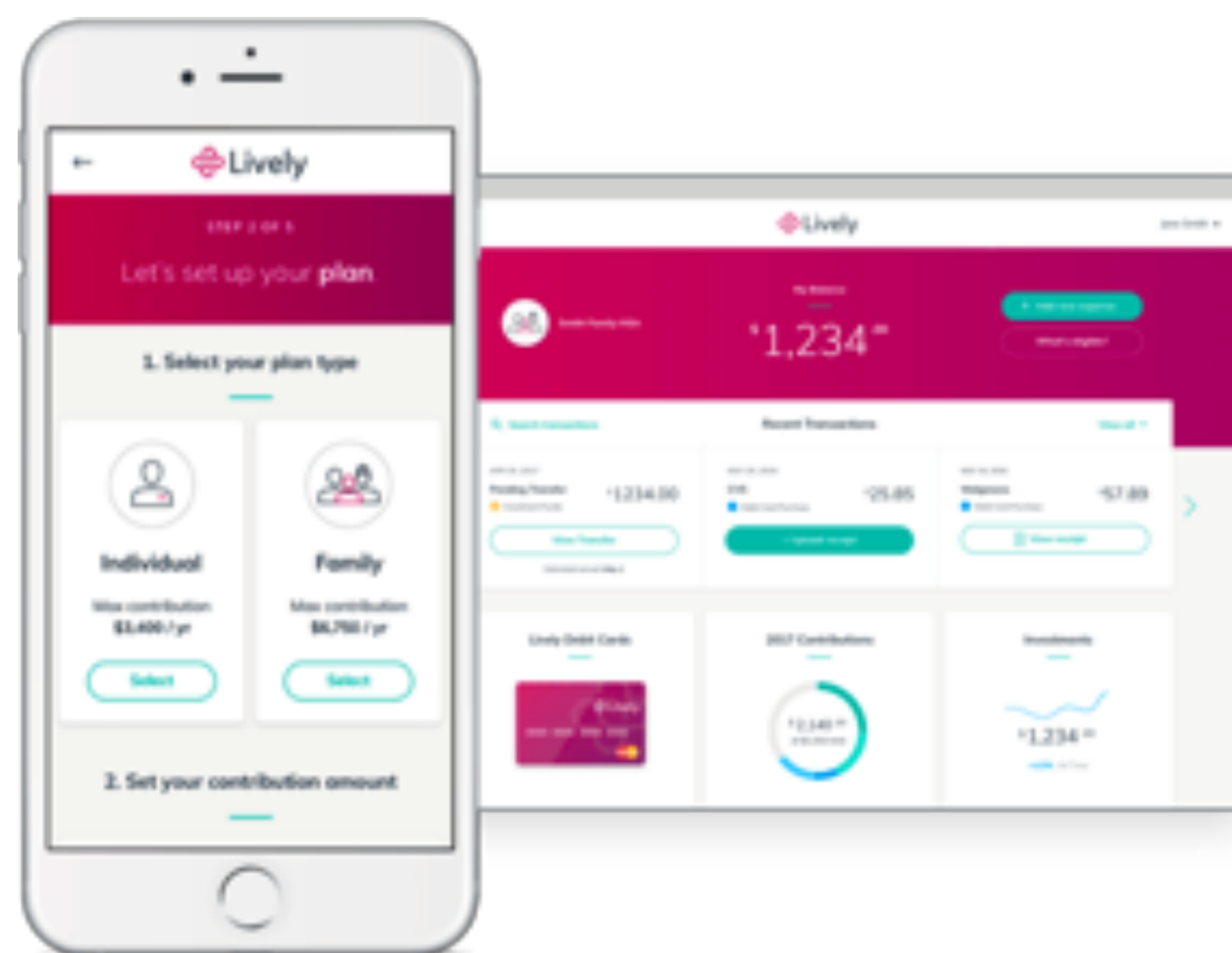
## Lively HSA

Lively is a Health Savings Account (HSA) platform for employers and employees. We created a beautifully designed software with a simple and intuitive user experience to help you get the most out of your HSA. Lively HSAs work alongside high deductible health plans to make healthcare easier for everyone. Lively provides employers and employees a paperless and digital way to manage their health savings account this includes simple easy sign up (less than 5 minutes), payroll syncing, and transparent pricing. Lively is not a bank, but has all of the benefits of one.

### 100% Paperless & Online

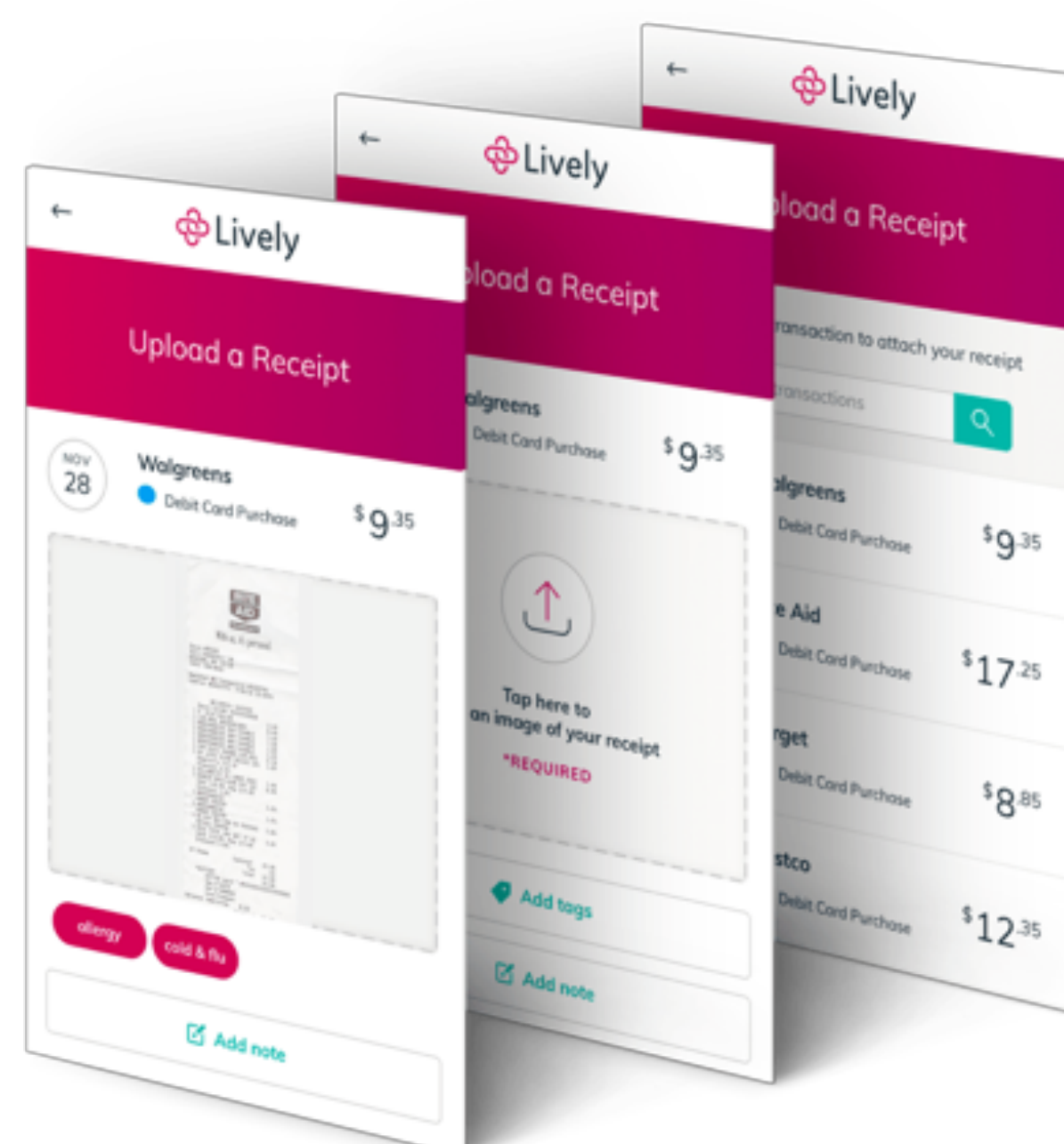
Time is precious and nobody wants to waste it filling out paperwork. Lively has designed an intuitive experience that will leave employers and employees pleasantly surprised. Employers will be up and running in under 5 minutes!

Since employee personal bank accounts are linked to their Lively HSA, if they ever have to pay for something without their Lively debit card, employees can reimburse themselves and the funds will show up in their account the very next day!



### Receipt Upload & Categorization

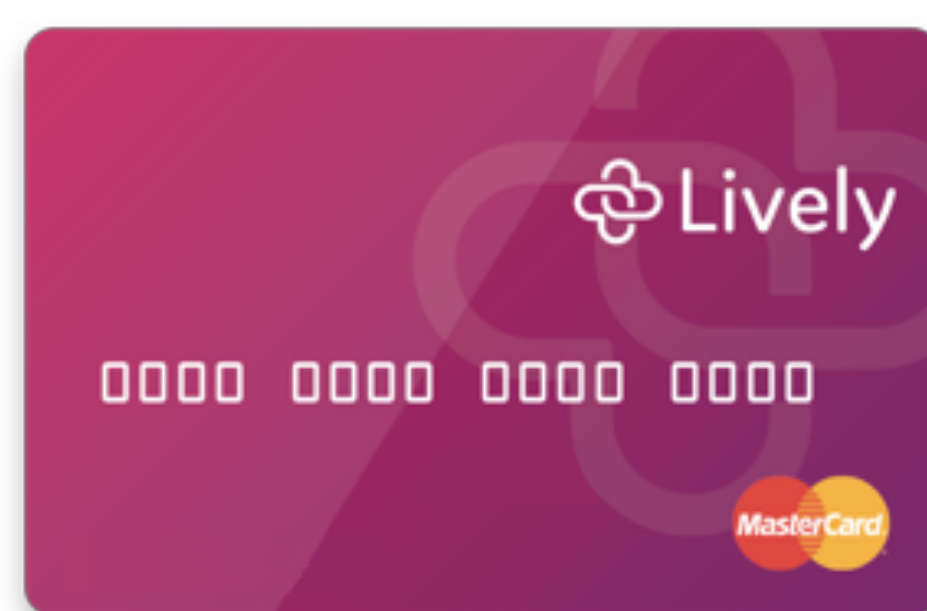
Keeping track of paperwork is annoying. We know. That is why we have focused on electronically uploading and storing receipts. We help employees categorize and create tags for uploaded receipts so they can view them later. Additionally, we will display all transactions made with their Lively debit card. We will surface those transactions so they can easily pin or upload a corresponding receipt for that transaction. We want to help protect employees from possible IRS audits.



## Lively HSA (continued)

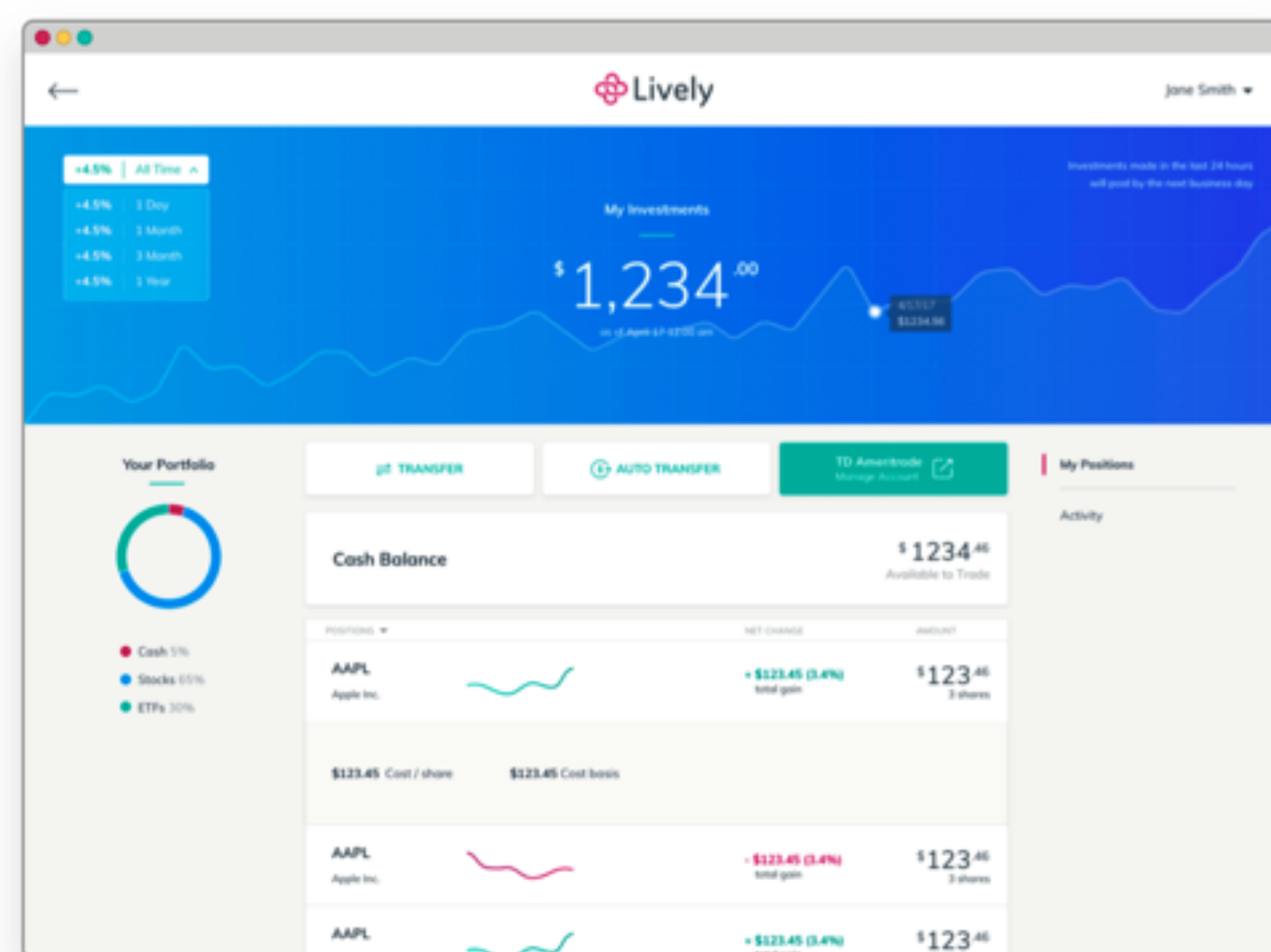
### Lively Branded Debit Card

Employees will receive a personalized Lively-branded MasterCard for their qualified medical expenses. They can use their card at your doctor's office, pharmacy, or any other qualified medical expense provider where MasterCard is accepted. Any time they use their Lively card, the transaction details will automatically be available when they log into your HSA account. Additionally, they can just log into your account to activate their card so they don't need to call a 1-800 number that may or may not work!



### Invest from Day 1

Employees can invest their Lively HSA Funds with a TD Ameritrade Self-Directed Brokerage Account. No minimum balance required, manage entirely online. Only \$2.50 / month (no additional fees by Lively). Only take 5-10 minutes to sign up. Other investment fees may apply.



Sign Up

The content presented on this document is for informational purposes only, and is not, and must not be, considered investment, legal, accounting or financial planning advice, nor a recommendation as to a specific course of action. Investors should consult all available information, including fund prospectuses, and consult with appropriate investment, accounting, legal, and accounting professionals, as appropriate, before making any investment or utilizing any financial planning strategy.