

Your Flexible Benefits Organization

Introduction to Health Savings Accounts:

Health Savings Account (**HSA**) combines a High Deductible Health insurance Plan (HDHP) with a tax-exempt trust or custodial account to pay for qualified medical expenses. The HSA is an individual health account that is owned by the employee and may be used for the payment of medical expenses that are not covered by their HDHP. Individuals or employers may contribute on a pretax basis. Funds used for qualifying healthcare expenses are tax-free to the account holder.

An **HSA** is similar to an Individual Retirement Account (IRA) in that the participant owns it and directs the investments. Balances in the HSA continue to accumulate in the account. Employers and employees can make pre-tax contributions to an HSA via payroll deduction or by direct deposit into the account via check or electronic funds transfer. The HSA must be combined with an HDHP, which covers serious illness or injury, while the HSA can pay for medical expenses until the deductibles are met.

Account	Eligible Amount	Submitted Claims	Paid	Pending	Debitd	Plan Year Balance	Available Balance
Health Plan - 10/01/2009	\$100.00	\$88.75	\$13.25	\$88.75	\$19.00	\$0.00	\$0.00
Health Plan - 12/31/2009	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00	\$1,000.00
Health Plan - 10/01/2009	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Health Plan - 12/31/2009	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

A limited flexible spending account (**LPFSA**) is an employee funded medical savings account that can be used alongside an HSA to pay for a specific pool of out-of-pocket medical expenses. These medical expenses may include dental services, vision services and other health-related expenses that may not be covered under the health care plan. The money contributed by you is tax-free.

HSAs offer Great Benefits!

Employers and employees will benefit from **125Company's HSA** solution in the following ways:

- **Tax-advantaged** – Contributions are tax-free, potential interest gains accumulate tax-free and distributions are tax-free when used to pay for qualified medical expenses.
- **Flexible** – Funds can be used for non-medical expenses. At age 65, any remaining HSA funds can be withdrawn for non-medical reasons without penalty; ordinary income tax will be charged on the money withdrawn for non-medical reasons.
- **Portable** – The remaining balance rolls over from year to year; accounts move with employees even if they change employment or retire.
- **A Savings Solution for Future Health Needs** – Unused contributions can accumulate and saved for future medical expenses. For example, unused funds can be used to pay COBRA or other medical insurance premiums during periods of unemployment or temporary layoff.

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Our HSA solution can help you:

The reasons to offer Health Savings Accounts to employers and employees are clear. And, so are the reasons to choose Evolution1 and our trustee partners for your HSA program.

- Convenience – The 125Company Benefit Card provides employees with an easy way to access HSA contributions. Each employee will get a Card that they can use for easy payment of qualified medical expenses at the point of service. Funds are transferred immediately from the HSA at the point-of-service.
- Proven multi-account coordination – 125Company's solution provides the ability to coordinate fully with other health care product lines like FSAs and HRAs, enabling multiple accounts to be accessed on the same card in compliance with IRS guidelines. Traditional bank HSA debit cards cannot support multiple products.
- World-class trustee partners – 125Company's partners offer an array of Morningstar highly rated funds and core money-market accounts with ability to direct funds into long-term investment vehicles. The HSA trustee program services package offering includes:
 - Investment options - Employees can select from a spectrum of investment options to match their preferred investment style.
 - Record keeping – Trustees process HSA deposits and withdrawals, post transactions, and prepare and distribute bank statements.
 - Regulatory services – Trustees will perform year-end reporting on required IRS forms.
 - Save money with lower insurance premiums for employees with high deductible health plans.
 - Free up human resource staff with a centralized portal to answer employee questions.
 - Offer flexible benefit options with the ability to stack plans. You can offer employer contributions, customize eligible expenses and alter rules for enrollees with a loss of eligibility, all managed through a single employer portal.
- Increase employee satisfaction by offering any of these tax advantaged plans which will provide them with significant tax savings, lower healthcare costs due to increased focus on prevention and wellness, hassle-free payment and claims processing and customizable grace periods.

Our HSA solution can help your employees:

- Enjoy significant tax savings with pre-tax deductible contributions and tax free distributions used for qualified expenses.
- Quickly and easily access funds with the 125Benefits Debit Card or have the funds direct deposited into your account.
- Enjoy secure access to your accounts using our consumer portal which is available 24/7 365 days a year.
- Stay up to date on balances and actions required with our automated alerting system.
- Access all your real-time account information using our 125Mobile from your iPhone or Android phones.

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125Company Portals

- ✓ **Employer Portal** – Provides a convenient role based portal to administer consumer driven healthcare accounts. This secure integrated portal enables you and your staff to access your employee account information, real-time balances, view and print reports, prepare and submit data files to import and maintain employee information, submit requests to the plan administrator and facilitate claims processing all within one portal.

- ✓ **Consumer Portal** – Provides 24/7 365 days a year access to consumers to manage all of their consumer driven healthcare accounts. Consumers can view account information, file claims, request distributions, manage their profile, view notifications, access forms and other helpful information.

These features are available to make managing your benefits as easy as 1-2-3!

1. An easy-to-use **Consumer Portal** will allow secure, 24/7 access to your accounts to:
 - Check your up-to-the-minute plan balances
 - View all plan, claims and payment detail
 - File claims and submit receipts online
 - View upcoming reimbursements
 - Order new or report lost/stolen debit cards
 - Sign up for direct deposit
 - And much more!

2. A handy **125Mobile Application** to:
 - Access available account balances on your iPhone®, iPod Touch®, iPad®, or Android®-powered device
 - Submit receipts using your device's camera
 - Receive account balances and selected alerts via text message on any mobile device

3. The convenient **125Company Benefit Card** to:
 - Eliminate the need to pay with cash at the point of service and then submit claims for reimbursement
 - Access all your accounts on the same card – it automatically takes funds from the correct account at the point of payment
 - Reduce the need to submit receipts to verify purchases