



Health Savings Accounts:
Automatic Account Opening Guide

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Automatic Opening of Health Savings Accounts

Automatic account opening simplifies the Health Savings Account opening process, allowing both you and your employees to realize the intended benefits of your High Deductible Health Plan (HDHP)/Health Savings Account (HSA) plan design.

HDHPs are one of the fastest growing medical plan offerings because they provide employees with a low-cost way to take control of their health care expenses — especially when paired with a tax-advantaged HSA. Automatic account opening allows your employees to enjoy all the benefits of a HDHP/HSA design via a single election.

How does automatic account opening work?

You are eligible to offer our automatic account opening feature to your employees if you meet the following conditions:

- You allow your employees to make pre-tax HSA salary deferral elections through your cafeteria plan.
- You provide written confirmation to BenefitWallet that your cafeteria plan offers pre-tax HSA contributions as a benefit and the plan includes an automatic account opening provision.
- Your cafeteria plan enrollment materials inform employees that election of the HDHP/HSA option is also their authorization to have an HSA opened on their behalf.
- You maintain auditable records relating to your employee's cafeteria plan elections and your notifications to your employees of the existence and operation of the automatic account opening feature.
- Account maintenance fees are paid by you.

The automatic account opening feature means:

- HSAs will be opened for all employees whose information is contained in the enrollment file BenefitWallet receives from you or your health plan on the later of the effective date or 7 days after processing of the enrollment file.
- Once the employee's HDHP/HSA coverage becomes effective, only accounts which have not cleared the Patriot Act review process will remain unopened.
- HSA contributions will immediately post to your employees' open HSA (upon receipt and/or on the effective payroll date) because the account is already open — regardless of the payroll funding option you select (Individual ACH, Funding File Upload or Flat File over FTP funded via ACH or Wire to your account).



BenefitWallet will continue to:

- Verify the identity of each of your employees as required by the USA Patriot Act Customer Identification Program (CIP)
- Mail a Welcome Kit containing a Rate and Fee Schedule, account Terms and Conditions, Privacy Notice and a Master Signature Card to your employees at the same time the account is opened.
- Mail BenefitWallet debit cards to your employees
- Process an employee's request to reverse the automatic account opening

Highlights of the HSA Automatic Account Opening Feature

- No action is required from your employees — an HSA is automatically opened for employees (once they clear the Patriot Act screening) who choose the HDHP/HSA option, via a cafeteria plan election
- Employees don't have to worry about which buttons to click or forms to sign
- Posting of contributions can take place upon receipt because the account is open
- No unopened accounts once the employee's HDHP coverage becomes effective (except those still in Patriot Act review)
- Simplified employer sub-account reconciliation

Implementing Automatic Account Opening

- Your cafeteria plan enrollment materials must inform your employees that BenefitWallet will automatically open an HSA on their behalf if they elect your HDHP/HSA option* (Appendix A includes sample language you may choose to include in your open enrollment materials after consulting with legal counsel)
- Your cafeteria plan summary plan description should also describe the automatic account opening feature
- Your cafeteria plan must allow your employees to make pre-tax HSA salary reduction elections* (Appendix B includes sample plan amendment language you may choose to include in your Summary Plan Description after consulting with legal counsel)

*The IRS guidance related to automatic account opening may be found in IRS Notice 2004-50; Q&A 61, Revenue Ruling 2002-27 and Treasury Regulation Section 1.125-2(b). You should consult your legal counsel to determine the appropriateness of this guidance to your benefit plan design objectives.

Next Steps

Thank you for reviewing our HSA Automatic Account Opening Guide. If you believe this feature will benefit you and your employees, please complete the Employer Agreement (Appendix C). BenefitWallet must have a signed agreement before the automatic account opening feature can be activated. Your signed agreement must be received by BenefitWallet at least 45 days in advance of your plan year anniversary to be effective for the immediately following plan year.

Contact Us

Employer Support Team (employer contacts only)

Phone: 866.712.4551

E-mail: EmployerSetup.mybenefitwallet@conduent.com

Hours of Operation:

8:00 a.m. – 11:00 p.m. Eastern Time, Monday – Friday



Appendix A

HSA AUTOMATIC ACCOUNT OPENING SAMPLE EMPLOYEE ENROLLMENT LANGUAGE

(This sample language is an example of the type of language that may be included in your enrollment materials.)

If you elect the qualified High Deductible Health Plan (HDHP)/Health Savings Account (HSA) option through [Name of Employer] Internal Revenue Code Section 125 Cafeteria Plan, [Name of Employer] will provide BenefitWallet (BW) with data and information requested by BW and reasonably needed by BW in order to open your BW HSA, including accepting the BW HSA terms and conditions and rate and fee schedule on your behalf and agreeing to receive account statements and other account documents electronically.

Appendix B

HSA AUTOMATIC ACCOUNT OPENING SAMPLE PLAN LANGUAGE

(This sample language is an example of the type of language that may be included in a Section 125 plan that includes an HSA salary deferral benefit and wants to add an automatic account opening feature. This is strictly a sample. You should contact your legal counsel to determine the appropriateness of this language for your Section 125 plan.)

General: This Section XX applies to each Participant who meets the Internal Revenue Code Section 223 Health Savings Account (HSA) eligibility requirements and elects the Plan Sponsor's High Deductible Health Plan (HDHP)/HSA coverage option under the Plan.

HSA Account Opening: The Plan Sponsor will open an HSA for each Participant who elects the Plan Sponsor's HDHP/HSA coverage option under the Plan. As of the effective date of this Section XX, the Plan Sponsor will open a BenefitWallet HSA on the Participant's behalf. Each Participant's HSA Account will be credited with amounts withheld from the Participant's salary, if any, and amounts contributed by the Plan Sponsor pursuant to Section XX of the Plan. If applicable, Plan Sponsor contributions will be allocated to the Participant's account as described in Section XX.

HSA Salary Deferral Election: As part of his or her HDHP/HSA coverage election, each Participant will determine the annual HSA Salary Deferral amounts to be contributed to the BenefitWallet HSA opened by the Plan Sponsor on his or her behalf. Subject to the requirements of IRS Revenue Ruling 2002-27, a Participant who elects the Plan Sponsor's HDHP/HSA coverage option is not required to elect to make any HSA salary deferral contributions. Such a choice by the Participant will constitute an election to receive his or her full salary in cash for the Plan Year. The Plan Sponsor may place additional restrictions on the election of HSA salary deferral contributions; provided, however, that the same restrictions will apply to all Participants.

Explanation of Automatic Account Opening Feature: The Plan's enrollment materials and Summary Plan Description will contain a description of the Plan Sponsor's HSA salary deferral benefit and the automatic account opening feature that applies when a Participant elects the HDHP/HSA coverage option under the Plan. The enrollment materials will contain an acknowledgment that the Participant authorizes the Plan Sponsor to take the following actions on the Participant's behalf: 1) provide data and information reasonably needed by BenefitWallet to open an HSA in the name of the Participant; 2) accept the HSA terms and conditions, including the rate and fee schedule; 3) agree to receive account statements and other account documents electronically; and 4) perform any act the Participant may perform related solely to the opening of the HSA.

Account Closure: A Participant whose HSA is automatically opened as described above may elect at any time to close the HSA by contacting the HSA custodian to request that the HSA be closed.

Appendix C

BenefitWallet® Employer Agreement for Automatic Account Opening

Employer Name: _____

BenefitWallet Employer ID Code: _____

Cafeteria Plan Year: _____

(for example 1/1 through 12/31)

As a duly authorized representative of the Employer, I acknowledge that Employer has reviewed the BenefitWallet HSA Automatic Account Opening Guide and confirm that Employer meets the criteria for the HSA automatic account opening feature. I further represent that:

- Employer maintains an Internal Revenue Code Section 125 Cafeteria Plan that offers pre-tax HSA contributions as a benefit and contains an automatic account opening provision as described in IRS Notice 2004-50; Q&A 61, Revenue Ruling 2002-27 and Treasury Regulation Section 1.125-2(b).
- Employer’s cafeteria plan enrollment materials inform employees that election of Employer’s HDHP/HSA option will serve as the employees authorization to the Employer to take the following actions on the employee’s behalf: 1) provide data and information reasonably needed by BenefitWallet (BW) in order to open a BW HSA in the name of the employee; 2) accept the BW HSA terms and conditions, rate and fee schedule; 3) agree to receive account statements and other account documents electronically; and 4) perform any act the employee may perform related to solely to the opening of the BW HSA.
- Employer will maintain auditable records relating to its employees cafeteria plan elections and its notifications to the employee of the existence and operation of the automatic account opening feature.
- Employer agrees BW must have the right to audit these records.
- Employer agrees the automatic account opening feature requires the BW HSA account maintenance fees to be paid by the employer.
- Employer understands HSAs will be opened for all employees whose information is contained in the enrollment file transmission from the employer or the health plan.
- Employer acknowledges verification of an employee’s identity as required by the USA Patriot Act Customer Identification Program (CIP) will occur prior to with the opening of the account. As a result, additional documentation necessary to verify identity may be requested from the individual before the account is opened and the account may not be opened if the requested documentation is not provided.
- Employer understands requests to close an account will be processed the same way as today.

Employer Name

Date

First & Last Name

Title

Return the signed agreement to:
BenefitWallet Employer Support Team
500 Plaza Drive, 8th Floor
Secaucus, NJ 07094

Phone: 866.712.4551
E-mail: EmployerSetup.mybenefitwallet@conduent.com

BenefitWallet® Employer Agreement for Automatic Account Opening (Retroactive Effective Date)

Employer Name: _____

BenefitWallet Employer ID Code: _____

Cafeteria Plan Year: _____

(for example 1/1 through 12/31)

As a duly authorized representative of the Employer, I acknowledge that Employer has reviewed the BenefitWallet HSA Automatic Account Opening Guide and confirm that Employer meets the criteria for the HSA automatic account opening feature. I further represent that:

- Employer maintains an Internal Revenue Code Section 125 Cafeteria Plan that offers pre-tax HSA contributions as a benefit and contains an automatic account opening provision as described in IRS Notice 2004-50; Q&A 61, Revenue Ruling 2002-27 and Treasury Regulation Section 1.125-2(b).
- Employer’s cafeteria plan enrollment materials **[or follow-up communications]** inform employees that election of Employer’s HDHP/HSA option will serve as the employees authorization to the Employer to take the following actions on the employee’s behalf: 1) provide data and information reasonably needed by BenefitWallet (BW) in order to open a BW HSA in the name of the employee; 2) accept the BW HSA terms and conditions, rate and fee schedule; 3) agree to receive account statements and other account documents electronically; and 4) perform any act the employee may perform related to solely to the opening of the BW HSA.
- Employer will maintain auditable records relating to its employees cafeteria plan elections and its notifications to the employee of the existence and operation of the automatic account opening feature.
- Employer agrees BW must have the right to audit these records.
- Employer agrees the automatic account opening feature requires the BW HSA account maintenance fees to be paid by the employer.
- Employer understands HSAs will be opened for all employees whose information is contained in the enrollment file transmission from the employer or the health plan.
- Employer acknowledges verification of an employee’s identity as required by the USA Patriot Act Customer Identification Program (CIP) will occur before the opening of the account. As a result, additional documentation necessary to verify identity may be requested from the individual before the account is opened and the account may not be opened if the requested documentation is not provided.
- Employer understands requests to close an account will be processed the same way as today.

Employer Name

Date

First & Last Name

Title

Return the signed agreement to:

BenefitWallet Employer Support Team
500 Plaza Drive, 8th Floor
Secaucus, NJ 07094

Phone: 866.712.4551

E-mail: EmployerSetup.mybenefitwallet@conduent.com

Frequently Asked Questions

1. How does an employer determine they are eligible to implement the automatic account opening feature?

An employer is eligible to implement the automatic account opening (AAO) feature if the following conditions are satisfied:

- Employees are allowed to make pre-tax HSA salary reduction elections through the employer's cafeteria plan.
- The employer's cafeteria plan enrollment materials and Summary Plan Description inform employees that election of the HDHP/HSA option is also their authorization to the employer to direct BenefitWallet to open an HSA on their behalf.
- The employer provides BenefitWallet with a signed employer agreement (see page 7 of the AAO Employer Guide) which confirms that the cafeteria plan offers pre-tax HSA contributions as a benefit and includes an AAO provision.
- The employer maintains auditable records relating to its employee's cafeteria plan elections and to the employers notification to its employees of the existence and operation of the AAO feature.
- Account maintenance fees are paid by the employer.

2. Are there banking rules that may impact the AAO process?

Possibly. Under the USA Patriot Customer Identification Program (CIP), verification of an employee's identity will occur before the automatic opening of the account. Additional documentation necessary to verify identity may be requested from the employee if they don't initially pass the screening. Failure to provide the requested information could result in the account not being opened.

3. Will BenefitWallet communicate the automatic opening of the HSA to the employee?

Yes. A BenefitWallet Welcome Kit containing a Rate and Fee Schedule, account Terms and Conditions, Privacy Notice and a Master Signature Card will be mailed to employees when the account is opened.

4. What if an employee decides they don't want a BenefitWallet HSA after the account has been opened?

The Welcome Kit will contain a letter that explains how to close the account and describes the tax treatment of the distribution associated with the account closing.

5. What happens to contributions (both employer and pre-tax salary reduction) that have been deposited into the account if the employee decides they don't want a BenefitWallet HSA?

At the employee's request, the account will be closed and all contributions (both employer and pre-tax salary deferrals) will be distributed to the employee. Unless the employee rolls-over or transfers the distribution to another HSA, the amount distributed will be taxable income to the employee for the year in which the amount was distributed. Any amount not used to pay for Qualified Medical Expenses before the account is closed may also be subject to a penalty tax.

6. Why does the employer have to pay the account maintenance fee if the AAO feature is selected?

Employer paid fees makes it easier to administer the AAO feature and mitigate issues related to negative account balances.

7. May an employer elect the BenefitWallet AAO feature if it already offers employees the BenefitWallet HSA?

Yes, however, the AAO feature may only be implemented after the requirements described in FAQ #1 have been satisfied.

8. May an employer apply the AAO process to existing accounts that are not open when the AAO feature becomes effective?

Yes. The AAO feature may be applied to open currently closed accounts of employees who elected the employer's HDHP/HSA option (i.e., elected to make salary deferral contributions to an HSA via the employers cafeteria plan) and receive the required AAO notification. However, if the unopened account is the result of an election made for a plan year prior to the plan year the employer's AAO election became effective, the account will not be opened via AAO until a new annual enrollment has been processed. Individuals may still open their accounts at any time directly at mybenefitwallet.com. Additionally, Qualified Medical Expenses incurred by the employee and the employees spouse or dependents before the actual automatic account opening date are not eligible for reimbursement from the HSA.

9. When does the AAO feature become effective?

The AAO feature is effective with the first enrollment processed after the employer satisfies the requirements described in FAQ #1.

10. For how long will the AAO feature remain in effect?

The AAO feature remains in effect until the employer notifies BenefitWallet in writing that they no longer wish to use this feature.

11. What should an employee who determines he or she is not eligible to open an HSA do about the automatically opened account?

The employee's election of the HDHP/HSA option is the employee's acknowledgment that he or she is eligible to establish an HSA and receive HSA contributions. An employee who determines he or she is ineligible for HSA contributions after the account has been opened should contact the BenefitWallet Service Center and request the account be closed.

12. What should an employee who does not agree with the account terms and conditions do about the automatically opened account?

Employees who do not agree with the account terms and conditions should contact the BenefitWallet Service Center to request to close the account.

