Frequently Asked Questions (FAQs) Regarding HSA Bank and the University HSA Contributions

1. We have an HSA with Mellon Bank. Do we need to close and transfer prior to July 1 to receive the University contribution? How do we go about setting up automatic withdrawals for the HSA Bank?

HSA Bank is a new vendor we have contracted with to send the University's contributions. We chose HSA Bank because HSAs are their only line of business and we believe them to be the best option. On the administrative side, our experience with Mellon has been less than satisfactory.

The University contributions will not begin until January of 2012, so as long as you have your HSA Bank account set up by mid-December, you will be fine. (You do not have to worry about establishing an account right away because already having one with Mellon will allow you to go back and reimburse yourself for expenses incurred even before the HSA Bank account is opened – as long as the expenses were incurred after the Mellon account was established.)

You do not necessarily have to close your account with Mellon, because the IRS allows you to have more than one HSA. The key is in making sure not to go over the annual contribution maximum between the accounts. Please thoroughly read the document posted on our web site entitled <u>Important Information Regarding HSA Transfer</u>, Rollover, and Establishment Rules for the details on having more than one account (including information on how to transfer money from and/or close the Mellon account if you wish to do so). The step by step instructions for opening the HSA Bank account are also posted on our web site (Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution).

2. So if I keep my HSA through Key Bank, I wouldn't get the University's \$1,440 contribution then? Guess it's time to switch...

You may actually have more than one HSA at a time...the key is not going over the annual maximum contribution when you add both accounts together. You will have to open the HSA Bank account by January in order to receive the contribution. It will not cost you anything additional because the University is picking up the monthly maintenance fees.

I would suggest that you carefully read the document posted on our web site entitled <u>Important</u> <u>Information Regarding HSA Transfer, Rollover, and Establishment Rules</u> for options on what to do if you already have an account.

3. I already have an account set up for my HSA through Mutual Bank, from last year. Let me know if you need anything also.

The IRS allows you to have more than one HSA. However, Ball State will only make the contribution to accounts opened up with HSA Bank, so if you want the \$1440 next year, you will need to open the HSA Bank account before January 1st. It will not cost you anything additional to open the account because Ball State will be paying the monthly fees. All the details about having more than one account and step

by step instructions for opening the HSA Bank account are available on our web site under <u>HSA Bank</u> Information.

4. Thanks for the info about the BSU contributions to HSA accounts. As you know I have family coverage for High Deductible/HSS health plan. My wife and I each have HSA accounts at Mutual Bank. It appears that to receive university contributions, we have to open accts at HSA Bank? Do we need one or two accounts? What happens to our current accounts at Mutual Bank? Can we keep both accounts? Or can we transfer from one HSA to another and close an account? Does "seeding" mean a onetime 2012 contribution by BSU or would those contributions continue in future?

You are correct. In order to receive the University's contribution, you will need to open an HSA with HSA Bank. You would only need one account to receive the contribution (because you have family coverage you would be eligible for the \$1440 contribution, which will be paid out on a monthly per pay basis). You can actually see the seeding schedule if you open up the PowerPoint presentation that is posted on our web site's Health Savings Account page (Health Savings Accounts 101).

The IRS allows you to have multiple HSAs – the key is not going over the annual contribution maximum when you add all the accounts together. For detailed information on this topic, please see the publication on our web site entitled <u>Important Information Regarding HSA Transfer, Rollover, and Establishment Rules</u>.

5. I have been on the HSA plan since the first day BSU offered it and I signed up with ACH Mellon and have been making contribution. I need to switch to HSA Bank to get the seed money from BSU. Is that correct?

You are correct in that you will need to open up an additional account with HSA Bank in order to receive the seed. It is up to you whether or not you close the Mellon account. The IRS allows you to have multiple HSAs – the key is in not going over the annual contribution maximum when tally your contributions made to each account.

6. If I open an account with HSA Bank and then deposit the balance I currently have with ACH Mellon into my HSA Bank account will that be counted against my yearly maximum contribution limit?

Not if done correctly. Please see the document on our web site that I put together on the subject entitled Important Information Regarding HSA Transfer, Rollover, and Establishment Rules.

7. Do I need to have the switch completed by July 1, 2011? If HSA Bank is the sole trustee, will deposits to Mellon after July 1, 2011 be a problem?

No, you do not have to have the account with HSA Bank set up until the contributions begin in January of 2012. Nothing you deposit into your Mellon account in 2011 will be a problem.

8. If I switch banks will my HSA debit card need to be reissued?

Yes, when you open your account with HSA Bank you will receive an additional debit card (we use the same vendor, so it will physically look the same as the Mellon card, the only difference being the account number).

9. Do I need to sign another HSA contribution form to continue my contributions after 7/1/11?

No, if you want to continue making contributions to Mellon and have already filled out your payroll deduction form for the year, then you do not have to fill out another one. I would suggest contacting your payroll representative so she can pull your deduction form and let you know what you set up.

10. Also, does this email indicate that I need to close my HSA account with Mellon Bank and transfer the funds to HSA Bank?

You do not necessarily have to close your Mellon account – you just have to open an additional account with HSA Bank to receive the seed. The IRS allows you to have more than one HSA – the key is just not to go over the maximum annual contribution between the accounts. Please see the document posted on our web site entitled Important Information Regarding HSA Transfer, Rollover and Establishment Rules for information about your options.

11. I have had a Health Savings Account for many years at a bank in Chicago. As I understand it, when BSU starts making employer contributions in July they have to be made to the HSA Bank. I have submitted the "HSA Trustee Selection" form to accomplish that. However, the bank where I have had my HSA for many years offers much lower fees and pays a higher interest rate on my savings so I want to continue making my personal (employee) contribution each year to that account. Is there any problem with my doing that? If so, other than the Trustee Selection form for the BSU employer contribution is there anything else I need to do to have both accounts?

Your understanding is correct and you have completed the steps necessary to begin setting up your second account with HSA Bank.

There is no problem with having multiple HSAs. The key is making sure that between the two accounts you do not go over the IRS annual maximum contribution. You might want to read through the Important Information Regarding HSA Transfer, Rollover, and Establishment Rules (on our web site) to get details about transferring money without fees and/or having it reported as an additional contribution.

12. Do I have to close/transfer my existing Chase HSA to HSA Bank or can HSA Bank coexist with it as long as I don't exceed the IRS total contribution limit for the year?

The two accounts can absolutely coexist and you have hit the nail on the head as far as the contribution maximum goes. Please see the document on our web site entitled Important Information Regarding HSA

<u>Transfer, Rollover, and Establishment Rules</u> for additional details concerning having multiple accounts (options for transferring money, etc.).

13. Does the university pay the \$25 annual fee for the mutual fund investment service (not Ameritrade)?

The University has only agreed to pay the monthly account service fee (\$2.25).

14. I currently have an HSA bank I'd like to keep, and I want to transfer BSU contribution to my current HSA when this new plan takes place. Do I understand this right that <u>every month</u> I have to fill out the form titled <u>HSA Bank Transfer/Rollover Request Form</u> found on <u>this site</u> and snail mail it to HSABank? There is no way to use internet banking to accomplish this?

On that form, there is no option to TRANSFER OUT. It looks like the form is just to TRANSFER IN TO HSABANK. Am I looking at the right form?

Unfortunately, transfers of money between HSAs have to be handled carefully in order to avoid having them counted as additional contributions. This is why the forms are necessary.

Since you are looking to transfer money out of the HSA Bank account, you will actually need to get the form from your current HSA trustee (the bank that is receiving the money). I am sure that their process is very similar to HSA Bank's and that you will have to fill out the form each time you transfer money.

15. I was filling out the HSA Payroll Deduction form and it asked for an account number. Do I need to setup an account online with HAS or is Ball State going to do this for me?

You need to first fill out the HSA Trustee Selection form and return it to the PEB Office. Then once you receive your Welcome Kit from HSA Bank you will fill out the payroll deduction form and turn it in (you must wait until you have your account number from HSA Bank to complete this step). Please refer to the Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution for the step by step instructions.

16. I read that the University will only be seeding HSA accounts through HSA bank starting 2012. I already have an HSA through the previous vendor, ACS Mellon, so I was wondering what steps would be involved in switching these vendors. Would I need to close my Mellon HSA, then open the HSA bank account and transfer the funds somehow? Do I just fill out the HSA trustee form and the accounts and current funds are switched for me?

You do not necessarily have to close your account with Mellon, because the IRS allows you to have more than one HSA. The key is in making sure not to go over the annual contribution maximum between the accounts. For options/details regarding have more than one HSA (and how to transfer funds to HSA Bank if desired), please refer to the document on our web site entitled <u>Important Information Regarding HSA Transfer</u>, Rollover, and Establishment Rules.

You will need to open the HSA Bank account by January 2012 in order to receive the University's contribution, and the first step in doing this is to fill out the <u>HSA Bank Trustee Selection Form</u> and return it to the PEB office. Please refer to the <u>Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution</u> for the step by step instructions on opening your account.

17. The total 2012 contribution limits will include the \$1400 BSU contribution. I assume the answer is yes?

Yes, you will need to account for the \$1440 when calculating your annual contribution.

18. If I make payroll deductions to HSABank, are those included in my W2 taxable income and then I deduct on 1040 or are they not?

No, contributions made to HSA Bank will also be pre-tax if made through payroll.

19. My husband enrolled in the High Deductible/HSA Qualified Health Plan. I am on his account for the family plan. We both opened up a Health Savings Accounts in each of our names with our local bank because at that time BSU did not have designated institutions. We also funded our accounts. What must we do besides filling in the application for an account with HSA Bank? Do we need to close our accounts at the local bank? Refund the deposits?

No, you will not need to have any deposits already made to your current HSAs refunded. The IRS actually allows you to have multiple HSAs, so you do not necessarily have to close your accounts with your local banks. The key is not to go over the annual contribution maximum between the accounts. Since the University is not starting employer contributions until 2012, your 2011 maximum will not be affected. Please make sure that in 2012, however, that you account for the University's contribution amount when figuring your own contributions.

For options/details regarding have more than one HSA (and how to transfer funds to HSA Bank if desired), please refer to the document on our web site entitled <u>Important Information Regarding HSA Transfer</u>, Rollover, and Establishment Rules.

You will need to open the HSA Bank account by January 2012 in order to receive the University's contribution, and the first step in doing this is to fill out the <u>HSA Bank Trustee Selection Form</u> and return it to the PEB office. Please refer to the <u>Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution</u> for the step by step instructions on opening your account.

20. Only question I had for now – does the University's \$1,440 contribution to my HSA in 2012 count against the maximum amount I can contribute (\$6,250 per family) in 2012? So is the most amount I can deposit then \$4,810 (or about \$400 per month)?

You got it! I'm impressed that you noticed the new 2012 limits...

21. We currently do have a HSA account with the Teachers Credit Union. Are we eligible for this \$1440 of Ball State's contributions? We do get a great rate on interest but it can't beat that in the long run. If needed we will see what it would involve closing the TFCU account and opening the HSA savings account that is in the letter.

Yes, HSA Bank is a new vendor we have contracted with to send the University's contributions. We chose HSA Bank because HSAs are their only line of business and we believe them to be the best option. You will need to open an account with HSA Bank in order to receive the \$1440 in 2012.

However, you do not necessarily have to close your account with TCU, because the IRS allows you to have more than one HSA. The key is in making sure not to go over the annual contribution maximum between the accounts. For options/details regarding have more than one HSA (and how to transfer funds to HSA Bank if desired), please refer to the document on our web site entitled <u>Important Information Regarding</u> HSA Transfer, Rollover, and Establishment Rules.

You will need to open the HSA Bank account by January 2012 in order to receive the University's contribution, and the first step in doing this is to fill out the <u>HSA Bank Trustee Selection Form</u> and return it to the PEB office. Please refer to the <u>Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution</u> for the step by step instructions on opening your account.

22. Is there a resource you can point me to that will give me info on how to transfer my funds from Mellon to HSA Bank, and then close my Mellon account?

The resource containing these details is on our web site - <u>Important Information Regarding HSA Transfer</u>, <u>Rollover</u>, <u>and Establishment Rules</u>. There are instructions on how to make transfers and which forms you need to use. The forms are referenced within the document, but the links aren't currently working so you will need to just look under <u>HSA Bank Information</u> on our site to get the forms. Once you have made the transfer you can just contact Mellon customer service and request that your account be closed (I would recommend that you wait until the account is empty so they cannot try to take a closing fee out of the balance).

If you have more specific questions about making the transfer I would suggest calling HSA Bank at **800-357-6246.**

23. I retired effective March 1, 2011. I still am enrolled in the BSU HSA Family coverage health care. Do retirees receive the HSA seed money?

Yes, early retirees are eligible for the University HSA seed money. The money will be deposited once per month, so you will need to get the HSA Bank account set up prior to January, 2012.

24. Is this \$1440 considered to be 2011 contribution or 2012 and is this a onetime offer or do we receive this every year if we open this account.

The \$1440 will be contributed in 2012. To see the actual contribution schedule, please take a look at the PowerPoint presentation on our web site entitled <u>Health Savings Accounts 101</u>. The University

contribution for each year will have to be approved by the Board of Trustees each spring for the following calendar year.

25. Since I receive Social Security, do I qualify?

No, you do not qualify to open and/or contribute to an HSA. However, you will qualify to receive the University's contribution through an HRA (Health Reimbursement Arrangement). Please look for information on how to sign up/enroll in this benefit later this summer (we are still working on the details and must create a plan document before we can roll it out).

26. Do I remember correctly that there is no alternative to setting up an account with HSA Bank? I remembered that we can transfer around *from there* but it has to be set up to receive the amounts initially.

HSA Bank is the only option for receiving the University's contribution (for administrative ease, we want to only send one contribution file to one bank each payroll). Your memory is correct in that you may transfer money from the account once you receive the contribution. You will need to get the appropriate transfer form from your banking institution in order to transfer the money without it counting as an additional contribution.

27. Will this "seeding" only occur in 2012 or is it expected to continue each year?

Although the seeding is expected to continue going forward, it is a benefit that will have to be approved each spring by the Board of Trustees for the following calendar year. The benefit may or may not continue depending upon budget and health care costs.

28. I wanted to ask some quick questions to make sure I remembered the information you shared with me at the HSA session I attended. In addition seeding the HSA accounts @ HSA Bank, it is true that the university is also paying any fees for the accounts @ HSA Bank? Did I remember that correctly?

You remembered correctly. However, the only fee that the University has agreed to pay is the monthly account maintenance fee (\$2.25 per month). You would be responsible for any "specialty service" fees. An example of a specialty service fee would be the fee charged for a stop payment request.

29. I have a few quick questions since I already have an HSA account with Mutual bank, and I may find it practical to rollover/transfer what I already have with Mutual into the new HSABank account. Would you recommend either rollover or transfer? Should I bring the rollover/transfer form now or only later, after I receive the new account information?

I would probably recommend the rollover if feasible because you can write a check (if you have checks for your Mutual Bank HSA) for the amount in your account and deposit it into your HSA Bank account (using the rollover form) and not have to pay any fees. Oftentimes, when doing a transfer, there are fees

involved because it is a bank to bank transaction that they are handling which usually means there is a fee. For more specific advice on doing a rollover, I would suggest calling HSA Bank at **800-357-6246** because they are the experts!

You would not bring us the rollover/transfer form. You would include the form with your check when you send it to HSA Bank. Right now all you have to do is get us the <u>HSA Bank Trustee Selection Form</u> to get your account opened.

30. Will automatic transfer from employee pay be available to the HSA Bank?

Yes, pre-tax payroll deduction for employee contributions will also be available for HSA Bank accounts. Once you have received your "Welcome Kit" from HSA Bank and have your account number, you will just need to fill out an HSA Bank Payroll Deduction Form and return it to Payroll & Employee Benefits. (See Step #3 in Steps for Setting Up an HSA with HSA Bank to Receive the University's Contribution.