

St. Olaf College

Health Savings Account Program

Summary

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INTRODUCTION

This Summary describes the Health Savings Account (“HSA”) Program (the “Program”). The Program provides a convenient means for an employee to establish and contribute to their individually owned HSA. The Program utilizes the Employer’s Flexible Benefit Plan (the “Plan”) to permit contributions to be a pre-tax basis through the Plan. This will generally result in a tax savings and increase your spendable income.

Refer to our *HSA Essential Guide* for a tax savings example. You may also want to use the *Tax Savings Calculator* link available at <https://learn.hellofurther.com/> to estimate your tax savings.

The tax benefit you experience will depend on the contributions you elect, as well as other factors that affect the amount of taxes you pay. Although participating in the HSA can provide significant tax advantages, there may be tax disadvantages to participating in the HSA based on your particular situation. You may wish to consult with your tax advisor.

DETAILS REGARDING THE HSA

- (a) **Your Responsibilities:** The HSA is a self-directed, individual account owned by you. You are responsible for:
1. Reporting to the IRS any contributions that you made to your HSA (whether made through the HSA Program or otherwise);
 2. Reporting to the IRS any distributions that you receive from your HSA;
 3. Determining whether HSA distributions are for non-taxable medical expenses;
 4. Maintaining documentation sufficient to prove that distributions you did not report as taxable were made for non-taxable medical expenses;
 5. Payment of income and penalty taxes on distributions which were taxable.
- (b) **Health Savings Account Defined:** A “Health Savings Account” is a tax-favored individual account to be used in conjunction with a High Deductible Health Plan to pay Medical Expenses not covered by the High Deductible Health Plan, such as deductibles and co-insurance.
- (c) **HSA Custodian:** For administrative convenience, your Employer has selected Further as the HSA custodian for amounts contributed to HSA accounts through this Program. You will be provided the forms necessary to establish an HSA with Further. You will be responsible for managing your HSA and for complying with the rules established by Further and the IRS. Once your pre-tax contributions are deposited into your HSA, you are free to request a distribution of the funds or to transfer them to another HSA trustee or custodian.

(d) **Employer Contributions:** If an Employer contribution is made, the Employer will contribute an equal amount to each Participant in the same coverage category who participates the entire year, except that the Employer may contribute less to highly compensated employees than non-highly compensated employees in the same coverage category. If the Participant's Period of Coverage is less than 12 months, the amount will be adjusted accordingly.

(e) **Limitations for HSA and Medical FSA Combination:** If you elect to participate in both the HSA Program and the Medical FSA benefits under the Plan, your Medical FSA is automatically limited to reimbursement of the type of HSA-compatible expenses: Vision and Dental; Post Deductible Medical. You may also choose to participate in an HSA-Compatible Medical FSA to maintain your eligibility and/or the eligibility of your spouse to participate in an HSA outside of this Program. If you have an existing HSA, you must notify Further that you wish to participate in an HSA-Compatible Medical FSA.

(f) **Maximum Contribution Limit:**

The following are general rules about maximum HSA contributions. You should consult with your tax advisor or the HSA custodian or trustee for additional details.

1. The maximum contribution to an HSA is determined on a yearly basis. If you are eligible for and participating in an HSA for less than 12 months, you must prorate the maximum contribution to account for the months in which you were not eligible or were not participating in the HSA (divide the annual maximum by 12 to determine the maximum contribution per month and then multiply that amount by the number of months you were eligible for and were participating in the HSA). However, if you are eligible to contribute to an HSA on December 1 of the year and you are establishing an HSA for the first time, you can contribute the maximum contribution (no proration is required). If you do not remain covered by a High Deductible Health Plan and otherwise eligible for the entire next year (a 13-month period), you will generally be required to pay income tax and a 10% penalty tax on the amounts that you contributed for months in which you were not eligible to contribute to an HSA.
2. The maximum contribution limit is the statutory indexed amount. Our maximum contribution limits are available at <https://learn.hellofurther.com/>.
3. A Participant who is 55 or older before the end of the year may make an additional \$1,000.00 "catch up contribution" to the HSA.
4. A Participant cannot make any contribution for any month in which he or she is entitled to other medical coverage including Medicare benefits.

(g) **Medical Expenses Eligible for Reimbursement:** To be eligible for reimbursement, an expense must be for medical care provided to diagnose, treat, or prevent disease or for

sickness or injury pursuant to IRS rules.

(h) **Non-Medical Expenses Can Be Reimbursed but Will Be Penalized:** HSA funds can be withdrawn for non-medical reasons but you must pay income taxes on the amount withdrawn and you will generally also be required to pay an additional excise tax (20%). The excise tax will not apply to certain distributions made after death, disability or after age 65.

(i) **Your options for HSA reimbursements:** You are not required to submit documentation supporting tax-free status but you should retain it. You are responsible for determining whether the distributions from the Health Savings Account will be tax-free for expenses incurred for medical care or the medical care of a Participant's legal spouse or tax dependents. No documentation is required to be submitted for reimbursement. (It is a good idea, however, to retain documentation showing that the amount received was for a tax-free medical benefit in case you are audited by the IRS.) Distributions are paid to you following the receipt by the HSA Trustee of your authorization for distribution.

- **Debit Card.** When you open an HSA with Further, you will be automatically setup with a Further debit card. Once activated, your HSA debit card can be used for eligible medical expenses up to your available HSA balance.

It's important to note if you are using your HSA debit card and later elect to use the "Crossover" feature (see below), your debit card will be cancelled as both the debit card and crossover cannot be active at the same time. If you later decide to switch back and request a debit card, your crossover will be discontinued and you will receive a new card. If you find that you prefer crossover, you can discard the debit card and enroll in crossover at www.HelloFurther.com.

- **Crossover.** If you participate in a Blue Cross Blue Shield of Minnesota group medical plan, you can elect to have the group plan automatically submit requests for reimbursement of patient responsibility eligible expenses (e.g., deductible amounts) to your HSA, using "crossover". If you are covered under more than one major medical plan, you should not participate in the crossover program to ensure claims are adjudicated correctly. Please note that crossover and debit cards will not work at the same time.
- **Manual Withdrawal:** For fastest turnaround, you may go to <https://learn.hellofurther.com/> and request a withdrawal from your HSA for medical expenses. Alternatively, you may submit all charges for reimbursement yourself on a paper claim form. To receive reimbursement for eligible medical expenses via paper claim form, you must submit an authorization for reimbursement to the HSA custodian or trustee and retain independent third-party documentation of the expense.

ELIGIBILITY

Only Eligible Employees may participate. You are eligible if you are:

- Employed by the company or a participating employer
- Regularly scheduled to work 20 or more hours per week
- Are not an excluded individual
- Satisfy any other eligibility requirements

You are a participant if you are an eligible employee, have enrolled in the Company's High Deductible Health Plan, and have not terminated participation.

Eligible employees do not include:

- Leased employees
- Independent contractors
- Employees subject to a collective bargaining agreement (except as specifically provided in the collective bargaining agreement)
- Interns
- Employees classified as temporary
- Employees covered by written agreements stating they are not eligible to participate in this Plan

(a) **Additional Eligibility Requirements for HSA Program Participation.** In addition to the eligibility requirements, an Employee must:

- a. be covered under a High Deductible Health Plan; and
- b. not be covered under any health plan that is not a High Deductible Health Plan other than coverage permitted under IRS HSA regulations (for example, dental, vision or preventative care). (You cannot be covered under any non-permitted coverage, including a medical flexible spending account that is not HSA-compatible, whether through your Employer or your spouse's employer.)

(b) **Monthly Determination of Eligible Employee Status.** Due to federal tax rules, the status of an individual as an Eligible Employee for the HSA must be determined as of the first day of each month. For each month you contribute and you are not an Eligible Employee, you will be required to pay income taxes and a penalty tax of 10% of your contributions.

DEPENDENTS

- (a) To use the HSA for reimbursement of Medical Expenses incurred by a family member, he or she must qualify as your Dependent.
- (b) For the HSA, “Dependent” means a person whom you can claim as a dependent on your federal income tax return (or whom you would be able to claim but for income limitations that apply to income tax dependency status).

ENROLLMENT

- (a) **Enrollment Procedure:** Your Employer will provide enrollment instructions. You must complete your enrollment within the time specified by your Employer.
- (b) **HSA Election:** You must indicate the amount you want to contribute, if any, to an HSA when you enroll.
- (c) **Certification of Eligibility:** To enroll in an HSA, you must certify the following:
 - 1. You have self-only or family coverage under a health plan which qualifies as a High Deductible Health Plan;
 - 2. You cannot be claimed as another person’s tax dependent;
 - 3. You are not entitled to Medicare benefits;
 - 4. If you have any health coverage other than coverage under the Employer High Deductible Health Plan, that coverage is either:
 - i. Under a health plan that qualifies as a High Deductible Health Plan; or
 - ii. Is other insurance permitted by law (the Code or IRS regulation).
 - 5. If you are married, that your spouse does not have any non-High Deductible Health Plan family coverage.

WHEN PARTICIPATION BEGINS

An Eligible Employee may participate in the Plan on the first of the month following date of hire. Service prior to termination of an employee is not counted for this purpose. Mid-year enrollment for new hires: Employees are eligible for this benefit on the first of the month following date of hire.

ELECTION CHANGES DURING THE YEAR

A Participant may increase or decrease contributions for an HSA at any time as long as the change is effective prospectively.

PARTICIPATION DURING A LEAVE OF ABSENCE

Coverage will continue under this HSA Program during a leave of absence in accordance with your Employer's leave policies and HSA Program Rules. If there is a conflict between the information provided in this section and your Employer's leave policies, your Employer's leave policies will control. Your leave must be approved by your Employer. Contact your Employer for details.

- (a) **Paid Leave of Absence:** Your HSA contribution will automatically continue during a leave of absence as long as you continue to receive pay.
- (b) **Unpaid Leave of Absence:** Your HSA contribution will automatically terminate during an unpaid leave of absence.
- (c) **Making Election Changes:** You may change your HSA election at any time, including while you are on leave.

OBTAINING REIMBURSEMENTS

- (a) **Medical Expenses:** Medical Expenses must be incurred after the date the HSA is established to be eligible for reimbursement through the HSA. There is no time limit for submitting claims for reimbursement from the HSA.
- (b) **Distributions:** Amounts paid out of an HSA are called "distributions." The distribution process is handled by the HSA custodian or trustee.
- (c) **Other Rules:** You must comply with any other rules established by the HSA custodian/trustee or the IRS.

TERMINATION OF PARTICIPATION DUE TO TERMINATION OF EMPLOYMENT

- (a) **When Participation ends:** If your employment with the Employer terminates, your participation in the HSA Program will end as of the date of your termination of employment. This means that you will no longer be able to contribute to your HSA on a pre-tax basis through the HSA Program. You may, however, continue to contribute to your HSA on a post-tax basis.
- (b) **Medical Expenses incurred after Termination:** You may continue to submit Medical Expenses to your HSA for reimbursement even after your HSA Program participation ends.
- (c) **Participation Fees after Termination:** You will not forfeit amounts remaining in your HSA upon termination of participation in the HSA Program. You may continue to use your HSA

balance to pay eligible Medical Expenses. If you choose to continue your HSA account, all prospective participant fees will become your responsibility.

- (d) **Re-employment by a Participating Employer:** If you terminate employment and are re-employed by a participating employer, you may participate in the Plan. Whether you are required to resume your elections in place prior to your termination or may make new elections depends on the length of time between your termination and reemployment and whether you are reemployed in the same Plan Year or a new Plan Year.

A Participant who terminates employment and is re-employed by a participating employer in an Eligible Employee class within 30 days and within the same Plan Year will be required to resume participation in the Plan and the participant's prior benefit elections will be reinstated.

A Participant who terminates employment and is re-employed by a participating employer in an eligible employee class after 30 days or more and within the same Plan Year will be treated as a new employee. Such a person must satisfy any Service Requirement and re-enroll in the Plan.

A Participant who terminates employment and is re-employed by a participating employer in an eligible employee class in a new Plan Year will be treated as a new employee. Such a person must satisfy any Service Requirement and re-enroll in the Plan.

OTHER REASONS FOR TERMINATION OF PARTICIPATION

- (a) Your participation in this HSA Program can also end if:
1. You no longer qualify as an Eligible Employee;
 2. Your Employer stops participating in this HSA Program;
 3. You commit fraud or misrepresent your eligibility to participate under the HSA Program;
 4. Your Employer terminates the HSA Program; or
 5. If the certifications you made to participate are no longer accurate.
- (b) The rules discussed above for termination of participation as a result of termination of employment also apply if termination of participation occurs for other reasons.

NO FORFEITURE OF ACCOUNT BALANCE

- (a) A Participant in the HSA who terminates employment or is no longer eligible to make contributions to the HSA does not forfeit his or her interest in the balance of the HSA.
- (b) The Participant may elect to have the Claims Administrator continue to administer his or her HSA, or he or she may elect to rollover his or her HSA to another HSA.

NOTICES

- (a) **ERISA, HIPAA and COBRA do not apply:** Your HSA and the HSA Program are not employee benefit plans within the meaning of ERISA and are not subject to ERISA, HIPAA or COBRA.
- (b) **Employer's Right to terminate or amend the HSA Program:** The Employer reserves the right to amend or terminate the HSA program at any time and without notice.
- (c) **No Guarantee of Employment:** Participation in this HSA program is not a guarantee of employment.
- (d) **Employer's Discretion:** Your Employer (and persons to whom it has delegated powers, to the extent of such delegation) has total and complete discretionary authority with respect to administration and interpretation of the HSA Program.

PLAN SPECIFICATIONS

Employer, Plan Sponsor and Plan Administrator:

St. Olaf College
1520 St. Olaf Avenue
Northfield, MN 55057

Telephone: 507.786.3820

There are Employer Contributions to your HSA.

Type of Plan:

Health Savings Account Program

Claims Administrator:

Further
3535 Blue Cross Road
Eagan, MN 55122-1154
651.662.5065 or 800.859.2144
www.HelloFurther.com

Plan Year:

September 1 through August 31

Your Further Group Number:

006883

Use of Debit Cards:

You may obtain an immediate conditional reimbursement for eligible medical expenses from your HSA using a Debit Card.

The Debit Card conditional reimbursement is subject to the following conditions:

- Upon enrollment and at the beginning of each Plan Year, you must certify that the debit card will only be used for eligible medical expenses and that any such expenses paid using the Debit Card will not be reimbursed from any other plan. Each use of the Debit Card will be considered reaffirmation of this certification.
- The Debit Card can only be used at a merchant or health care provider with specified merchant codes relating to medical care.
- The status of all purchases using the Debit Card as eligible medical expenses for reimbursement under this Plan must be substantiated in accordance with Plan Rules. The Claims Administrator will provide details regarding the substantiation requirements.