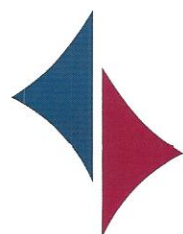




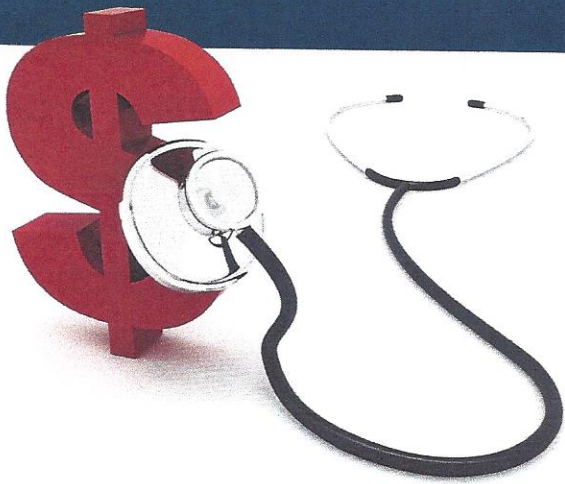
# Health Savings Accounts

*Employer Information Guide*



**CHOICE FINANCIAL**  
*Your HSA Bank.*





Choice Financial offers a better way— When combined with a High Deductible Health Plan (HDHP), a Choice HSA is an attractive option for your employees and your business. We have HSA account holders in all 50 states, and several years experience as a leading HSA provider.

## Why Offer HSAs to Your Employees?

### Retain Employees

Whether or not you choose to help fund employees' HSAs, your ability to offer medical insurance along with a medical payment/savings account will help you attract and retain key talent.

### Give Ownership to Employees

Employee owned funds promote increased motivation for involvement in health care decisions.

### Save Money

When your employees make a pre-tax contribution to their HSAs, they are saving you money: the pre-tax amount is excluded from FICA, Unemployment and Workers Compensation taxes.

### Healthy Employees = Productive Employees

Healthy employees positively impact your bottom line. Many employers pair a wellness program with the HSA program to promote overall health. As your employees become healthier, your health care utilization may decrease.

### Provide Affordable Coverage

With health care costs on the rise, HSA compatible health plans can provide affordability without sacrificing coverage.

- HSA compatible health plans typically have lower premiums than traditional plans.
- Premiums generally increase at a slower rate.
- Wellness or preventative care is often covered at 100% before the deductible is met, with no co-payments.

### Add It Up

*Business or Employer Tax Savings Example\**

- Jane makes a \$100 biweekly pre-tax contribution to her HSA through her employer's Section 125 Cafeteria Plan.
- Multiply these annual savings by the number of employees making similar contributions to determine your potential savings, not including premium savings.

DESCRIPTION	SAVINGS
FICA Savings (7.6% of employer FICA)	\$7.65
Unemployment Contribution (State)	\$3.00
Unemployment Contribution (Federal)	\$0.80
Workers Compensation Savings	\$2.00
<b>Total Savings Per Pay Period</b>	<b>\$13.45</b>
<b>Annual Savings (26 pay periods)</b>	<b>\$349.70</b>

\* Examples only. Consult your tax advisor to calculate actual savings.

"The Choice Financial HSA team worked very hard to provide an easy enrollment process for our staff and worked with our previous vendor to provide a seamless as possible transition to Choice Financial.

The information provided to our employees after the transition was timely and user-friendly."

—HOSPICE OF RED RIVER VALLEY



# Why Your Employees Will Embrace HSAs

## Triple Tax Benefits

- **Tax-Deductible Contributions:** Employees can contribute up to the IRS maximum, and enjoy tax savings in an account that exclusively covers eligible medical expenses. HSAs cover the person and eligible dependents covered under the High Deductible Health Plan.
- **Tax-Deferred Growth:** HSA funds grow in an FDIC-insured savings account without being subject to taxes, unless used for non-eligible medical expenses.
- **Tax-Free Withdrawals:** Funds may be withdrawn tax-free, as long as they're used for eligible medical expenses. Funds roll over from year to year with no "use it or lose it" rules.<sup>3</sup>

## Portability

Funds in employees' HSA are theirs to keep no matter where they go. Plus, unlike some other flexible spending arrangements, there are no 'use it or lose it' rules with HSAs. Unspent funds roll over from year to year and continue to build savings.

## Build Retirement Savings

If an employee doesn't have high medical expenses, the HSA can be used to build savings for a healthy future. And, after retirement, the HSA is treated like a traditional IRA and funds can be withdrawn penalty-free.

## Immediate Ownership

There is no vesting schedule—employees take immediate ownership of their contributions.

## Utilization Breakdown

*Minimal Healthcare Needs*

CLAIMS	TRADITIONAL PLAN	HSA COMPATIBLE PLAN
\$180 (1 physical)	\$20 Co-pay	\$0 (Covered by plan)
\$100 (1 office visit)	\$20 Co-pay	\$70 (Network Discount)
\$24 (1 prescription drug)	\$15 Co-pay (generic)	\$20 (Network Discount)
Total Spent on Medical Costs	\$55	\$90
HSA Funded	\$0	\$1,250
<b>Grand Total</b>	<b>-\$55</b>	<b>+\$1,160</b>

# Why an HSA with Choice Financial?

## Low Fees/Competitive Rates

With Choice Financial, your employees will receive a great product with some of the industry's lowest account fees and highly competitive rates.

## Flexible Withdrawal Options

- **Debit Card** with unlimited point-of-sale transactions.<sup>1</sup>
- **Checks** with unlimited check writing.
- **Bill Pay** to pay recurring monthly medical expenses or any other medical bill automatically.

## Online Services

- **Online Account Opening**
- **eStatements:** Delivered monthly, electronically (\$2 monthly fee for paper statements).
- **Online Banking:** 24-hour access to transaction history, check images, up-to-date balances and view eStatements.
- **Mobile App:** Check balances, pay bills, deposit checks and more.<sup>2</sup>
- **Telephone Banking:** 24-hour account access at 888.352.6490.

## Contribution Options

Contributions can be made by the account holder, employer, or any third party on behalf of the account holder.

## Education & Communication

A dedicated HSA team is available to present HSA program information to:

- Business owners, financial officers, human resources management and other key officers.
- Employees and their spouses (when applicable)

## Investment Option

Choice Financial HSA account holders have the opportunity to invest any dollar amount over \$3,000 with our investment partner, Devenir. Investment options available include a grouping of widely recognized mutual funds covering a broad spectrum of asset classes. The ability to invest in mutual funds gives account holders the potential to grow their HSA with expanded investment choices.

### IMPORTANT INVESTMENT NOTICE:

Investment accounts are not for everyone, so please consider them carefully. Additional fees may apply. Investment accounts are not insured by the FDIC or any other Federal Government agency. Investments are not a deposit or other obligation of, or guaranteed by any bank or their affiliates. Investments are subject to risks, including the possible loss of principal amount invested.



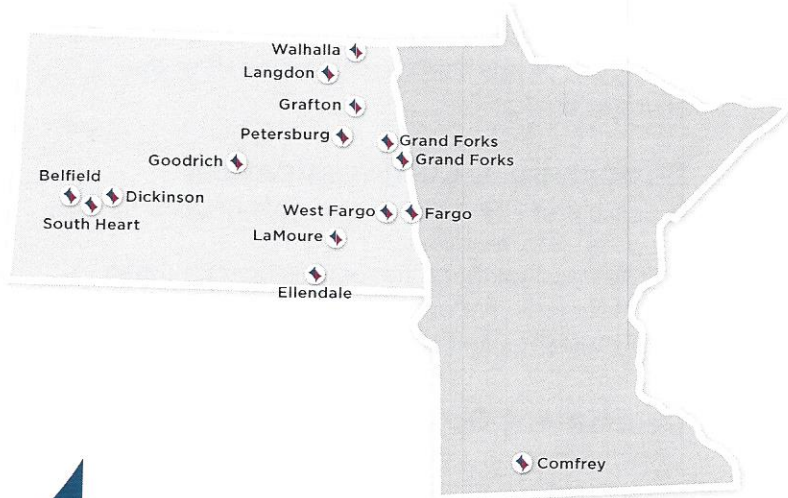
## Employer Group Enrollment

1. Contact our HSA Helpline at **866.702.9033** to get an Employer Group Number assigned, and complete the Employer Participation Agreement that we'll provide to you.
2. Provide your Employer Group Number to all your employees—it will be a required piece of information needed for individual enrollment.
3. You and your employees will follow the individual enrollment instructions to open an account.
4. Ask our Choice customer service team for additional assistance if you will be making contributions to your employees' accounts.

## About Choice Financial

As a leading-edge community bank based in North Dakota, we provide a wide array of financial solutions including banking, insurance and investments to meet our customers' needs. We pride ourselves on being fiscally responsible. Our employees live by our core values, and we suspect our Midwestern-rooted values are the same as yours. We're believers in the concept of self-reliance, and accept the responsibility that comes along with that independence.

If you want a safe, strong, stable, independently-owned and operated community bank that continues to use common sense in guiding its business decisions, Choice Financial is the right choice.



## Contact Information

### ADDRESS

Choice Financial - HSA Department  
4501 23rd Avenue South  
Fargo, ND 58104

### HELPLINE

866.702.9033

### EMAIL

[hsa@choicefinancialgroup.com](mailto:hsa@choicefinancialgroup.com)

### FAX

701.356.7789

### WEBSITE

[choicefinancialgroup.com/hsa](http://choicefinancialgroup.com/hsa)

Live Help available 8:00 am to 5:00 pm CST  
Monday—Friday

1 Subject to credit approval. 2 Some fees may be assessed by your Mobile Service Provider. 3 Consult with your tax advisor. As a Health Savings Account (HSA) Administrator we are not certified in giving tax advice, determining the eligibility of insurance or advising customers on how to pay out their HSA dollars. If you have a question on the eligibility of your insurance, contact your health insurance provider. If you question the eligibility of an expense, please refer to Publication 502 on the IRS website.

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# Health Savings Accounts



## 2015 Quick Reference Guide

A Health Savings Account (HSA) is a tax-favored account owned by an individual in which funds accumulate to pay for eligible medical expenses working in conjunction with a High Deductible Health Plan.

### TRIPLE TAX BENEFITS

- Contributions are tax-deductible.
- Growth is tax-deferred.
- Withdrawals are tax-free when used for qualified medical expenses.

### CONTRIBUTIONS

- Contributions can be made by the account holder, employers, or any third party on behalf of the account holder.
- Contribution maximums are set by the IRS each year and are not limited by your health plan's deductible amount.
- Catch-up contributions are available to an individual and their spouse who have reached the age of 55 and are not enrolled in Medicare.

### 2015 IRS LIMITS

	SINGLE	FAMILY
MINIMUM DEDUCTIBLE	\$1,300	\$2,600
MAXIMUM OUT-OF-POCKET	\$6,450	\$12,900
MAXIMUM CONTRIBUTION	\$3,350	\$6,650
CATCH-UP CONTRIBUTION (55+)	\$1,000	\$1,000

### DISTRIBUTIONS

- Funds in the HSA can be used tax-free for qualified medical expenses. See IRS Publication 502 for a complete listing of qualified medical expenses.
- At age 65, you can withdraw funds for non-medical purposes at ordinary tax rates.
- No "use it or lose it" rules; once your money is in an HSA, it rolls over from year to year.

<sup>1</sup>Fees may be assessed by your mobile service provider. <sup>2</sup>Annual Percentage Yield. Rate effective 1/11/12. Interest is compounded and credited monthly. Interest begins to accrue no later than the business day we receive credit for the deposit of non-cash items (e.g. checks). Rates subject to change at any time. Fees may reduce earnings. <sup>3</sup>A monthly service charge of \$2.50 will apply, waived on daily minimum balances over \$3,000. <sup>4</sup>Certain restrictions may apply. <sup>5</sup>Subject to approval. Member FDIC

### PRODUCT BENEFITS

#### FDIC-Insured Choice Deposit Account

- Up to two debit cards free.
- Unlimited point-of-sale transactions.

#### Checks (available upon request)

- Price varies by order.

#### Debit Card (unlimited point-of-sale transactions)<sup>4,5</sup>

#### Free Online Banking, Mobile Banking<sup>1</sup> & Bill Pay

- 24 hours a day, 7 days a week.
- View transaction history.
- See images of checks written.
- Up-to-date balances.
- Bill Pay saves you time and money.

#### Competitive Interest Rate<sup>2</sup>

- Tiered rate, based on account balance.
- Compounded and credited monthly.
  - \$0-2,499 = 0.05% APY
  - \$2,500-4,999 = 0.15% APY
  - \$5,000-14,999 = 0.30% APY
  - \$15,000+ = 0.55% APY

### FEE SCHEDULE<sup>3</sup>

- \$2.50/month = daily minimum balances \$0-\$2,999
- No fee = daily minimum balances \$3,000+



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# Health Savings Accounts



## 2016 Quick Reference Guide

A Health Savings Account (HSA) is a tax-favored account owned by an individual in which funds accumulate to pay for eligible medical expenses working in conjunction with a High Deductible Health Plan.

### TRIPLE TAX BENEFITS

- Contributions are tax-deductible.
- Growth is tax-deferred.
- Withdrawals are tax-free when used for qualified medical expenses.

### CONTRIBUTIONS

- Contributions can be made by the account holder, employers, or any third party on behalf of the account holder.
- Contribution maximums are set by the IRS each year and are not limited by your health plan's deductible amount.
- Catch-up contributions are available to an individual and their spouse who have reached the age of 55 and are not enrolled in Medicare.

### 2016 IRS LIMITS

	SINGLE	FAMILY
MINIMUM DEDUCTIBLE	\$1,300	\$2,600
MAXIMUM OUT-OF-POCKET	\$6,550	\$13,100
MAXIMUM CONTRIBUTION	\$3,350	\$6,750
CATCH-UP CONTRIBUTION (55+)	\$1,000	\$1,000

### DISTRIBUTIONS

- Funds in the HSA can be used tax-free for qualified medical expenses. See IRS Publication 502 for a complete listing of qualified medical expenses.
- At age 65, you can withdraw funds for non-medical purposes at ordinary tax rates.
- No "use it or lose it" rules; once your money is in an HSA, it rolls over from year to year.

<sup>1</sup>Fees may be assessed by your mobile service provider. <sup>2</sup>Annual Percentage Yield. Rate effective 1/11/12. Interest is compounded and credited monthly. Interest begins to accrue no later than the business day we receive credit for the deposit of non-cash items (e.g. checks). Rates subject to change at any time. Fees may reduce earnings. <sup>3</sup>A monthly service charge of \$2.50 will apply, waived on daily minimum balances over \$3,000. <sup>4</sup>Certain restrictions may apply. <sup>5</sup>Subject to approval. Member FDIC

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  - \$15,000+ = 0.55% APY

### FEE SCHEDULE<sup>3</sup>

- \$2.50/month = daily minimum balances \$0-\$2,999
- No fee = daily minimum balances \$3,000+



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# ELIGIBLE MEDICAL EXPENSES

Eligible medical expenses are defined as those expenses paid for care as described in Section 213(d) of the Internal Revenue Code. Additionally, the IRS has allowed some over-the-counter medications to qualify as eligible medical expenses when prescribed by a qualified health care provider. This list is for quick reference, however please refer to IRS Publication 502 for more detailed information.

- Abortion
- Acupuncture
- Alcoholism
- Ambulance
- Annual Physical Examination
- Artificial Limb
- Artificial Teeth
- Autoeette *(when used for relief of sickness or disability)*
- Bandages
- Birth control pills
- Body Scan
- Braille Books & Magazines
- Breast Pumps & Supplies
- Breast Reconstructive Surgery
- Capital Expenses
- Car
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatment
- Diagnostic Devices
- Disabled Dependent Care Expenses
- Drug Addiction
- Drugs *(by prescription)*
- Eye Exam
- Eyeglasses
- Eye Surgery
- Fertility Enhancement
- Founder's Fee
- Guide Dog or Other Service Animal
- Health Institute
- Health Maintenance Organization (HMO)
- Hearing Aids
- Home Care
- Home Improvements
- Hospital Services
- Insurance Premiums
- Intellectually & Developmentally Disabled
- Laboratory Fees
- Lactation Expenses
- Lead-Based Paint Removal
- Learning Disability
- Legal fees *(to authorize treatment for a mental illness)*
- Lifetime Care—Advance Payments
- Lodging *(away from home for outpatient care)*
- Long-Term Care
- Meals
- Medical Conferences
- Medical Information Plan
- Medicines
- Nonprescription Drugs *(only if authorized by your doctor)*
- Nursing Home
- Nursing Services
- Operations
- Optometrist
- Organ Donors
- Osteopath
- Oxygen
- Physical Examination
- Pregnancy Test Kit
- Prosthesis
- Psychiatric Care
- Psychoanalysis
- Psychologist
- Special Education
- Sterilization
- Stop-Smoking Programs
- Surgery
- Telephone & Television *(to assist the hearing impaired)*
- Therapy
- Transplants
- Transportation
- Trips
- Tuition
- Vasectomy
- Vision Correction Surgery
- Weight-Loss Program *(You can include amounts you pay to lose weight if it's a treatment for a specific disease diagnosed by a physician.)*
- Wheelchair
- Wig
- X-ray

## INELIGIBLE MEDICAL EXPENSES

- Baby Sitting, Childcare, & Nursing Services for a Normal, Healthy Baby
- Controlled Substances
- Cosmetic Surgery
- Dancing Lessons
- Diaper Service
- Electrolysis or Hair Removal
- Flexible Spending Account
- Funeral Expenses
- Future Medical Care
- Hair Transplant
- Health Club Dues
- Health Coverage Tax Credit
- Health Savings Accounts
- Household Help
- Illegal Operations and Treatments
- Insurance Premiums
- Maternity Clothes
- Medical Savings Account(MSA)
- Medicines & Drugs From Other Countries
- Nonprescription Drugs *(unless authorized by your doctor)*
- Nutritional Supplements
- Personal Use Items
- Swimming Lessons
- Teeth Whitening
- Veterinary Fees
- Weight-Loss Program *(You cannot include the cost of a weight loss program if the purpose of the weight loss is general health or improvement of appearance.)*

## EXCEPTIONS

HSA funds may not be used to pay for health insurance premiums unless they are used for:

1. Health care continuation coverage (such as coverage under COBRA).
2. A qualified long-term care insurance contract.
3. Health care coverage while receiving unemployment compensation under federal or state law.
4. Medicare and other health care coverage if you are 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap).



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