

WHAT ARE THE BENEFITS?

Contributing to Your Employees' Health Savings Accounts (HSA)

HealthSavings



HSA contributions are a great way to offer flexible benefits, create strong incentives and improve employee retention in your workplace.

Many employees choose HSA-qualified health plans because they want to be able to **control spending** on their healthcare benefits. By funding your employees' HSAs, you are demonstrating that you are willing to give them power over their benefit so they can use it to spend, save or invest for the future.

HSA funding is the perfect way to put some real monetary incentives into your wellness programs to improve outcomes. **Enhance your employee preventative care initiatives** by offering HSA contributions when employees take healthy actions like getting a flu shot, receiving the COVID-19 vaccine or completing a smoking cessation program.

With many companies finding it difficult to hire, retain and build loyalty with skilled workers, the HSA is an **important part of a comprehensive benefit offering**. Not only do most employees pay lower premiums with the HSA-qualified plan, but if the employee and/or the employer make HSA contributions via direct deposit, everyone saves on FICA taxes.

HSAs offer a way for you to stand apart from your competitors and offer a cost-effective benefit for your employees.

7.65¢
PER DOLLAR
FICA SAVINGS

Funds you deposit or that your employee has deducted pre-tax are not considered part of their overall compensation, saving you 7.65 cents in FICA on every dollar contributed.

\$20
PER PAY PERIOD
COVERS ADMIN FEE

Just a \$20 contribution per pay period to an employee's HSA can offset the annual administrative fee on the account. And the more you (or your employees) contribute, the more you both save in FICA taxes.



Employer HSA Contributions

- On average, covered workers enrolled in HSA-qualified HDHPs receive an annual employer contribution to their HSA of **\$550**.
- **Fewer than 50%** of employers make contributions toward their employees' HSAs.

(Source: Kaiser 2020 Employer Health Benefits Survey)

Employer Guidelines for HSA Funding

FUNDING APPROACH	DESCRIPTION	BENEFITS
Base Funding Plus Dollar-for-Dollar Match	<p>You provide base funding of \$1,000 - \$2,000, then make a dollar-for-dollar match of your employees' HSA contributions, which can be done up to the HSA annual contribution limit.</p> <p>2021 HSA Contribution Limits:</p> <ul style="list-style-type: none"> • Self-Only: \$3,600 (\$3,650 in 2022) • Family: \$7,200 (\$7,300 in 2022) • Annual catch-up contribution for account holders aged 55+: \$1,000 	<p>This is the most effective way to motivate employees to fund their accounts. Plus, this provides optimal savings on payroll taxes.</p> <p>Example: At HealthSavings, we offer a generous base HSA contribution to our employees, as well as an additional dollar-for-dollar match. In 2020, this resulted in FICA savings of up to \$275 per employee.</p>
Dollar-for-Dollar Match	<p>You put one dollar in for every dollar your employee contributes to their own HSA.</p>	<p>This is the second most effective way to encourage contributions. You should set and publish HSA contribution goals for your employees based on a percentage of pre-FICA compensation and common financial objectives, such as whether employees intend to spend, save and/or invest their HSA funds this year.</p>
Combination of A or B Plus Wellness Incentives.	<p>In addition to your chosen funding approach, you offer specific rewards when employees achieve wellness goals, such as:</p> <ul style="list-style-type: none"> • Getting a flu shot or COVID-19 vaccine • Receiving an annual physical • Completing a smoking cessation program 	<p>Many employers are concerned about the effectiveness of their wellness programs. Low participation can be combatted with strong incentives, and what could be stronger than a tax-free contribution to the HSA? That way, wellness programs can deliver not only on better health, but also on higher employee engagement.</p>
Wellness / Hardship Contribution	<p>Recognizing the need to motivate and retain your valued workforce, you may consider an across-the-board one-time contribution for ALL your employees. For those who choose to have the contribution deposited directly into their HSA, the funds would be income tax-free and not subject to FICA.</p>	<p>Demonstrate that you value and care for your employees, especially during difficult times, by offering a one-time contribution. Your employees will appreciate it!</p>



FOR MORE INFORMATION VISIT
[HEALTHSAVINGS.COM](https://healthsavings.com)

WANT TO TAKE YOUR HSA CONTRIBUTION STRATEGY TO THE NEXT LEVEL?

Your HealthSavings Account Manager will be glad to help.

Not sure who to contact? Email us at employers@healthsavings.com.