



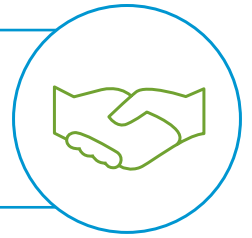
Everence Federal Credit Union

Health Savings Accounts: A guide for employers



Everence®

Thank you for choosing Everence Federal Credit Union (EFCU) as your partner in providing health savings accounts (HSAs) to your employees. This guide will assist your Human Resources department in their responsibilities related to opening HSAs for your employees.



Credit union membership and opening an HSA

To open an HSA at EFCU, your employees must become members. This will be done at the same time they open their HSA. To become a member, they must fit one of the membership eligibility criteria and then open a share savings account (in addition to the HSA) and deposit \$5 into the share savings account. The \$5 must be deposited before the employee can start using the HSA. This process can happen in three easy steps.

1. Distribute the Membership and HSA Application to each employee and have them complete the form. See “HSA application tips” for more information.
2. Send completed forms to EFCU. These can be delivered to your local branch (if applicable), sent via secure email to infocu@everence.com, or mailed to:

Everence Federal Credit Union
Attn: HSA Department
2160 Lincoln Hwy E, Suite 20
Lancaster, PA 17602
3. Deposit \$5 into the share saving account. There are two options to fund the initial deposit.
 - Send a \$5 check along with each form.
 - When you request the account number for your employee’s HSA, we will send the account numbers for both the HSA and share savings account, and you can send the \$5 via ACH to fund the share savings.

If the \$5.00 is not funded within 4 months, the membership and HSA will be closed.

The HSA can begin receiving contributions and distributions beginning on the first of the month following enrollment in a high deductible health plan.





HSA application tips


MEMBERSHIP INFORMATION

- This section should be completed in full. Please be sure your company name is listed on the “Employer” line.

OPENING A HEALTH SAVINGS ACCOUNT

- Be sure to enter the effective date (enrollment date) of the qualifying high-deductible health plan. The HSA cannot be opened until the first day of the month after the effective date.
- EFCU offers two types of HSAs – a standard HSA and an investment HSA. The investment HSA is optional. One of these choices must be selected. The HSA type can be changed later if desired.
- Please be sure your employee checks “Yes” on the final checkbox so we can discuss HSA account information, including sending you account number information as you request it.

Everence Federal Credit Union Membership and Health Savings Account Application



Please provide the following information and return the completed application to your local Everence branch location or mail it to Everence HSA Administration, 2160 Lincoln Highway E., Suite 20, Lancaster, PA, 17602. You may also fax the application to 717-735-8331. Membership in Everence requires a minimum deposit of \$5 into a primary savings. This money is yours, but \$5 must remain in the account as long as you are a member. **Send your initial deposit with this application.**

Membership information

Name of applicant _____

Birth date _____ Social Security number _____

Address _____
Street City State ZIP

Home telephone number _____ Work telephone number _____

Email address _____ Driver's license _____
State Number Expiration

For security and identification purposes:
 Mother's maiden name _____ Code word _____
 Employer _____

Membership eligibility

I am a member of, employee of, or student of a Mennonite or Anabaptist church or organization.
Name of church or organization: _____,

I, or an immediate family member, owns another Everence product. Name of family member _____, or

I share values consistent with the Anabaptist understanding of Christian stewardship (Psalm 24 – all I am and all I have are from God) and, in response to God's generosity, practice stewardship of all my resources.

Opening a health savings account (check all that apply)

I am certifying that I am **enrolled or enrolling** in a qualified high-deductible health plan. **Effective date:** _____

Select account type: Standard HSA Investment HSA

If you selected an Investment HSA, please enter the amount you wish to keep in your HSA checking account before investing in mutual funds. The minimum balance (investment threshold) you must have in your HSA checking account before you may invest additional amounts of \$500 or more in mutual funds is \$1,000. When your HSA checking balance exceeds your investment threshold by at least \$500, money is automatically invested according to your investment choices.
 \$ _____ (\$1,000 minimum)

I would like to transfer funds from another HSA into an Everence HSA.

If requested by your employer, do you authorize Everence to share your Everence HSA account number and routing number for the purpose of making contributions to your HSA? Yes No

HSA distribution options

You may select any of the following options for withdrawing funds from your HSA for qualified medical expenses:

I would like an Everence HSA debit card issued in my name. I understand that there is no charge for the initial card. I will refer to the HSA debit card agreement and disclosure for limitations on the use of this card. My request for an HSA debit card will be processed once there is activity on the account.

I would like to order HSA checks. I understand that the charge for the checks (and any subsequent reorders) will be debited from my HSA share account. (Information on the cost of purchasing checks is available from Everence.) My request for HSA checks will be processed only if contributions totaling \$50 are made to my HSA within 60 days of the time Everence receives this request.

I prefer to request withdrawals by using a distribution request form (available from Everence) and having a check sent to me. I understand that withdrawal requests will incur a fee, which will be debited from my HSA account.

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HSA DISTRIBUTION OPTIONS

- Check applicable options. We highly recommend an HSA debit card for ease of use. An HSA Debit card will not be ordered until there is at least \$25.00 in the HSA.

Designation of HSA beneficiary

At the time of your death, the primary beneficiary(ies) named below will receive your HSA assets. If no primary beneficiary is living at the time of your death, the account balance will be distributed to the secondary beneficiary(ies). Beneficiaries may be a person, trust,* charity, or your estate. You may change your beneficiary at any time and as often as you wish. Any change of beneficiary is subject to any rules we establish and is not effective until we receive written notification. If you are naming more than one primary beneficiary, you must indicate what percentage each is to receive. The total must equal 100%. If you do not assign a percentage for any primary beneficiary, then all primary beneficiaries will share equally. (See the HSA Custodial Agreement for provisions on distribution of death benefits.)

**If you designate a trust as the beneficiary, you will need to provide the name and address of each trustee, the date the trust was established, the name of the trust, and the trust's taxpayer identification number.*

Primary beneficiaries

Name	Address	Relationship	Birth date	Social Security number	Share percentage

DESIGNATION OF HSA BENEFICIARY

- Complete this section to name beneficiaries.

HSA LIMITED POWER OF ATTORNEY

- By federal law, HSAs cannot be opened in joint names. This section would allow a spouse or partner to be a limited power of attorney on the HSA, which would allow access to transact on the HSA, as well as have their own debit card.

CREDIT REPORTING

- If allowed, EFCU may pull credit report information at the time of account opening to offer new members beneficial products and services.

BACKUP WITHHOLDING CERTIFICATION

- Applicant must read and check the box if all apply.

STATEMENT OF UNDERSTANDING

- Applicant is acknowledging numerous items.
- Signatures and dates must be completed under this section. If there is a POA, they must sign as well.

HSA limited power of attorney (optional)

Regulations require that only one individual may own an HSA. Because of this, you may want your spouse to have the ability to write checks or be issued a debit card. In order to do this, you must designate that individual as limited power of attorney on your HSA.

I understand that the Internal Revenue Service deems HSAs as individual owner accounts and my HSA cannot be held jointly. However, Everence Federal Credit Union permits me to designate my spouse as the limited power of attorney of my HSA to act on my behalf in connection with this account only. By making this designation, I agree to allow my spouse to have full access to all the funds, balance information, and transactions related to this account. This designation remains in effect until I give Everence written notice of its termination, and it will not be terminated by my disability or incompetence.

Name of spouse designated as power of attorney _____

Address _____
Street City State ZIP

Social Security number or tax ID _____ Birth date _____

Mother's maiden name _____

Home telephone number _____ Work telephone number _____

Email address _____

Please send my spouse an Everence HSA debit card issued in his/her name (listed above) for my HSA.

Credit reporting

Unless I check the box below, my signature authorizes Everence Federal Credit Union to access information regarding my credit history (required for loan approval) and to report to credit agencies.

I do not authorize a report on my credit history at this time.

Backup withholding certification

Under penalties of perjury, I certify that:

- The Social Security number shown above is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because I am exempt from backup withholding; I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of failure to report all interest or dividends; or the IRS has notified me that I am no longer subject to backup withholding (*if you have been notified by the IRS that you are currently subject to backup withholding, you must cross out this sentence*), and
- I am a citizen (or resident alien) of the United States.

The Internal Revenue Service does not require your consent to any provision of the document other than the certifications required to avoid backup withholding.

Statement of understanding

By signing below, I appoint Everence Federal Credit Union as Custodian for my HSA and make the following declarations:

- I acknowledge receipt of the following Everence Federal Credit Union documents and accept the terms and conditions thereof and as they may be amended from time to time:
 - HSA Disclosure Statement and Custodial Agreement
 - HSA Investment Terms and Conditions, if applicable
 - Membership Disclosures (which include the account agreement, share account disclosure, privacy statement, and USA Patriot Act)
 - Fee Schedule
 - Truth in Savings rate sheet
- I am establishing this HSA exclusively for the purpose of paying or reimbursing my qualified medical expenses and those of my spouse and dependents.
- I represent that, unless this account is used solely to receive direct transfer or rollover contributions, I am eligible to open

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The pages after this are agreements and disclosures which must be given to the applicant.

Once EFCU receives the application and the account is opened, your employee will receive a welcome packet from us, which will provide details about their new membership and HSA.



Contributions into the HSA

If you will be making contributions into your employees' accounts on their behalf, we recommend completing this via electronic funds transfer (ACH). When coding the ACH contribution, these should be coded as a checking account. As long as employees checked the appropriate box on their application, we can send you their account number at your request.

We can also accept employer contributions via check. A fully filled out HSA Group Contribution form must be completed and sent along with all check deposits. Our official form is not required if the form you submit includes the same information.

EFCU cannot help with setup or administration of the section 125 cafeteria plan.

If your employees want to contribute to their HSAs, they should reach out to the credit union for assistance.

Credit union members should personally track annual contribution amounts. The official tax form which reports annual contributions is not delivered until after the tax reporting season as contributions can be made at any time during that year and up to the tax filing deadline for that year (generally April 15).

Distributions from the HSA

There are numerous ways your employees can take distributions from their HSAs. One of the easiest and most convenient is by using an HSA debit card. Please have your employees contact the credit union directly if they need help.

Account information

Your employees will receive a monthly bank statement with the details about their credit union accounts (including the HSA). We encourage them to contact us and set this up as an electronic statement.

They can also access their account information via online banking and our mobile app. Your employees can visit everence.com/online-banking to get started.

HSA advice and resources

EFCU is not allowed to provide any tax, investment, or legal advice related to HSA accounts. We recommend employers and employees consult with a tax advisor or accountant.

Here are a couple helpful resources related to HSAs:

- IRS Publication 969: This explains HSA programs per the IRS.
 - <https://www.irs.gov/publications/p969>
- IRS Publication 502: This publication lists many of the expenses for medical care that are eligible for reimbursement from an HSA. Publication 502 is only a guide and not an exact list of qualified medical expenses.
 - <https://www.irs.gov/publications/p502>



Need more help?

EMPLOYEE CONTACT

If your employees need help, they should contact their local branch (everence.com/locations), or they can reach out to our National Branch:

- 800-451-5719
- infocu@everence.com

EMPLOYER CONTACT

If you, the employer, need help, please reach out to our credit union HSA specialist:

- Stace McHenry
- hsa@everence.com
- 800-451-5719 x4222

Frequently asked questions

Everence Federal Credit Union and Employer HSA Guide

GENERAL INFORMATION

Q: Is there a difference between expenses eligible for distribution from an HSA and those covered by a high-deductible health plan?

A: Although they are intended to complement each other, the HSA and the high-deductible health plan differ significantly regarding eligible medical expenses. For more information on medical expenses covered by your high-deductible health plan and those that are eligible for distribution from the HSA, please review the disclosure and the Summary Plan Description or Certificate of Coverage.

Q: What are the HSA eligibility restrictions for employees?

A: Generally, employees are eligible to open and contribute to an HSA for a given month if they are covered under a qualified high-deductible health plan on the first day of the month and are otherwise eligible. Any eligible individual may establish an HSA. An eligible individual is an individual who:

- Is covered under an HDHP (High Deductible Health Plan)
- Does not have coverage under another non HDHP
- Is not enrolled in Medicare, and
- Is not eligible to be claimed as a dependent on another individual's tax return.

Q: What happens when an employee goes from single (self-only) to family coverage or vice versa?

A: The deductible and the HSA maximum contributions will change accordingly. The maximum contributions will be calculated by prorating the number of months of family coverage and the number of months of single (self-only) coverage.

Q: What happens when an HSA account owner dies?

A: If the spouse is named as the HSA account owner's beneficiary, the account automatically becomes the spouse's HSA. Otherwise, the account is terminated and the account balance is distributed to the HSA account owner's named beneficiary or estate.

Q: What happens when an employee leaves the company or terminates coverage under the high-deductible health plan?

A: As employees leave your employment or terminate health coverage, they can continue to access the account for qualified medical expenses, but cannot contribute to it unless they continue to be eligible.

EMPLOYER/EMPLOYEE CONTRIBUTIONS

Q: Do I need to make employer contributions to any HSAs requested by my employees?

A: No, you are allowed to make HSA contributions only to HSAs established through the HSA custodian or trustee you designate.

Q: What is the annual maximum HSA contribution?

A: The annual contribution limits, adjusted each year for inflation, are different for single and family health coverage. The annual contribution limit for single coverage is \$3,850 for 2023 and \$4,150 for 2024. The annual contribution limit for family coverage is \$7,750 for 2023 and \$8,300 for 2024. To determine the maximum contribution limits in future years, visit the IRS website ([irs.gov](https://www.irs.gov)) and review Publication 969 (Health Savings Accounts and Other Tax-Favored Health Plans).

Eligibility is generally determined on a monthly basis as of the first day of each month. Under this rule, the monthly contribution limit is prorated and is 1/12th of the annual contribution limit. The individual's maximum annual contribution depends on the number of months the individual is eligible to make contributions during the year.

The one exception to the monthly eligibility rule is that a person who is an eligible individual for the last month of the person's tax year (December for a calendar-year taxpayer) is treated as having been an eligible individual during every month of the year. The person is treated as having been a participant in the same high-deductible health plan that covers the individual in the last month.

A penalty is imposed if a contribution is made for a person under the last month eligibility rule and the person does not remain an eligible individual until the end of the following tax year. In this case, the extra contributions that were made in reliance on the last month rule (which are pretax dollars in the HSA) are treated as taxable income for the year in which the person became ineligible. These extra contributions are also subject to an additional 10 percent tax. This penalty is not imposed if ineligibility is caused by the death or disability of the eligible individual. These extra contributions are not treated as excess contributions, and they cannot be withdrawn from the HSA as an excess contribution.

Q: Is the contribution limit increased for older people?

A: An eligible individual who will reach age 55 before the end of the year for which contributions are being made can contribute an additional amount that is known as a "catch-up contribution" to his or her own HSA. Someone who meets this age test and is eligible for the entire year can contribute an additional \$1,000. The catch-up contribution is subject to the monthly eligibility and last month eligibility rules.

Q: What if an employee and his or her spouse have health coverage under separate high-deductible health plans and both have HSAs?

A: Together they are limited to one family maximum contribution amount if at least one person has family health coverage. They may divide the maximum contribution between their HSAs in any manner they choose, except any catch-up contributions must be made to the HSA of the individual to whom it applies.





Q: What is the frequency and timing of employer HSA contributions?

A: You can make contributions for a tax year at any time during that year and up to the tax filing deadline for that year (generally April 15). However, since eligibility is determined on a monthly basis, you may wish to contribute monthly, on or after the first day of each month.

Or, you may want to make your total annual contribution to your employees' HSAs at the beginning of the year to provide for unaffordable medical care or to reduce the number of transactions. This is allowable and easy to administer, but if an employee leaves your employment before the full contribution is "earned," this money cannot be returned to you.

Q: Can employers make different contributions for different employee HSAs?

A: Employer contributions made outside of a Section 125 (cafeteria) plan must be equal as defined by the HSA comparability rules. If you are making contributions for your employees, you must contribute equally for each employee in the same category (single or family coverage, part-time or full-time – 30 or more hours per week). You must allow either the same dollar amount for everyone or the same percentage of the deductibles for each category. Employers may, however, make larger HSA contributions for non-highly compensated employees than for highly compensated employees.

Comparability rules do not apply if employees have the option to make pretax HSA contributions through your Section 125 (cafeteria) plan. In this instance, employer contributions are considered to be made through the Section 125 (cafeteria) plan and are subject to nondiscrimination rules.

Married employees

If you have two employees married to each other who are enrolled in your health plan and covered under the same agreement, you are not required to make the family contribution to each employee's HSA. You only need to make the family contribution to the primary insured's HSA.

However, this applies only if you make HSA contributions to eligible employees electing coverage under your employer sponsored qualified high-deductible health plan. If you make HSA contributions to employees covered under any high-deductible health plan (not just yours), you must make the family contribution to both employees' HSAs.

Q: What if an employer does not contribute equally to employee HSAs (aside from those who make contributions through a Section 125 plan)?

A: Employers who fail to contribute equally are subject to penalties of up to 35 percent of their aggregate HSA contributions. Remember, once a contribution is made to an HSA, you can't get it refunded. Only the employee has access to the funds in his or her HSA.

Q: How do employees make contributions to their HSAs?

A: Employees may make after-tax contributions directly to Everence Federal Credit Union or pretax contributions through a Section 125 (cafeteria) plan if you offer one and the plan is designed to include this option. These contributions are considered to be employer contributions and must be reported as such. Or, if you do not offer a Section 125 (cafeteria) plan, you may simplify the process for them by setting up an after-tax payroll deduction.

Q: Can employees transfer funds from an IRA into an HSA?

A: Eligible individuals are entitled to one lifetime irrevocable tax-free distribution of IRA* funds to their HSA, not to exceed their maximum annual HSA contribution amount. It must be a direct trustee-to-trustee transfer. The amount transferred is not allowed as a tax deduction, but is considered an HSA contribution for that tax year. However, the individual must remain eligible for the entire month of the transfer and the following full 12 months. Otherwise, they will pay income taxes and a 10 percent penalty on the amount transferred, unless eligibility was lost due to death or disability.

The individual must fill out a Transfer of IRA Funds to an Everence HSA form, which is available at your local Everence branch office or at everence.com/hsa-forms. The form may also be requested from a service representative at 800-451-5719. This form must be sent to their IRA custodian.

**Excluding ongoing SEP or SIMPLE IRAs that will receive an employer contribution for the plan year ending with or within the individual's tax year in which the transfer is made.*

Q: Do I need to help make sure my employees don't go over the contribution limit?

A: No. We will help them keep track by sending them monthly statements on their accounts. Individuals may also call us at any time to find out how much they have contributed to their HSA.

The most important thing you can do is communicate how much your contribution will be so they can plan their contributions.

DISTRIBUTIONS

Q: Are there any rules regarding distributions I need to be aware of?

A: You may find it helpful to let your employees know that distributions may only be taken for services dated after the account is established. If they have outstanding medical bills at the time they establish the HSA, those services are not eligible for reimbursement from the account.

The established date for any additional HSA the employee opens later is considered to be the date the prior HSA was established, if the prior HSA has a balance at any time during the 18-month period ending on the date the later HSA is established.

EFCU is not allowed to provide any tax, investment, or legal advice related to HSA accounts. We recommend employers and employees consult with a tax advisor or accountant.



How we help

Everence is committed to helping you in all stages of your life. Everence representatives can help you make financial decisions that reflect your faith and values.

SAVE AND INVEST

- Banking services and loans
- Socially responsible investments
- Mutual funds
- Annuities

LIVE RESPONSIBLY

- Life and long-term care insurance
- Health plans
- Disability insurance
- Trust services and administration
- Estate strategies
- Retirement strategies

GIVE GENEROUSLY

- Charitable giving plans
- Life income and estate gift plans
- Gifts of complex appreciated assets
- Volunteer time and talent

GROW AND THRIVE

- Stewardship education
- Financial planning and advice
- Sharing Fund grants
- Financial counseling

BUILD YOUR BUSINESS OR ORGANIZATION

- Employee benefits
- Investment and gift management
- Business succession planning
- Endowment management

Everence helps individuals, organizations and congregations integrate finances with faith through a national team of financial professionals. Everence offers banking, insurance and financial services with community benefits and stewardship education.

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574-533-9511

everence.com/banking

everence.com

Everence offers credit union services that are federally insured by NCUA. We also offer securities and other products that are not federally insured and are subject to loss of principal. Some Everence products and services may not be available in your state.

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