

HSA ADVANCE: FAQS



Clarity
BENEFIT SOLUTIONS™

QUESTION

What is HSA Advance?

ANSWER

At the time of enrollment, most health savings account (HSA) participants begin with a \$0 balance and accumulate contributions over time. Many times, account holders are forced to postpone healthcare services until their HSA has accumulated enough contributions to cover their expenses. In some cases, this can take months of payroll cycles. This arrangement is especially impractical in cases of a medical emergency.

To help address these challenges, HSA Advance allows you to offer your employees an advance on expected HSA payroll contributions, which can be used immediately and paid back later through payroll deductions. Built for unpredictability, the Clarity HSA also offers an on-demand, interest-free payroll advances to cover unexpected healthcare costs, so employees aren't just covered - they're confident they can keep expenses under control.

How does HSA Advance work?

You determine how much of an advance you would like to offer your employees. When an employee enrolls in an HSA, HSA Advance funds are automatically available to them and remain available until the end of the calendar year. As contributions are posted to the HSA cash balance throughout the year, the amount available for advance is reduced.

Once the employee swipes their Clarity Benefit Card for an amount greater than what is available in their HSA cash balance, HSA Advance is used to cover the overage.

Once the employee has received an advance, future payroll deductions will be used to recover (i.e., payback) the outstanding amount, until it is back down to \$0.



QUESTION

Can I offer HSA Advance to only a subset of my employees?

Can I offer different HSA Advance amounts to different employees?

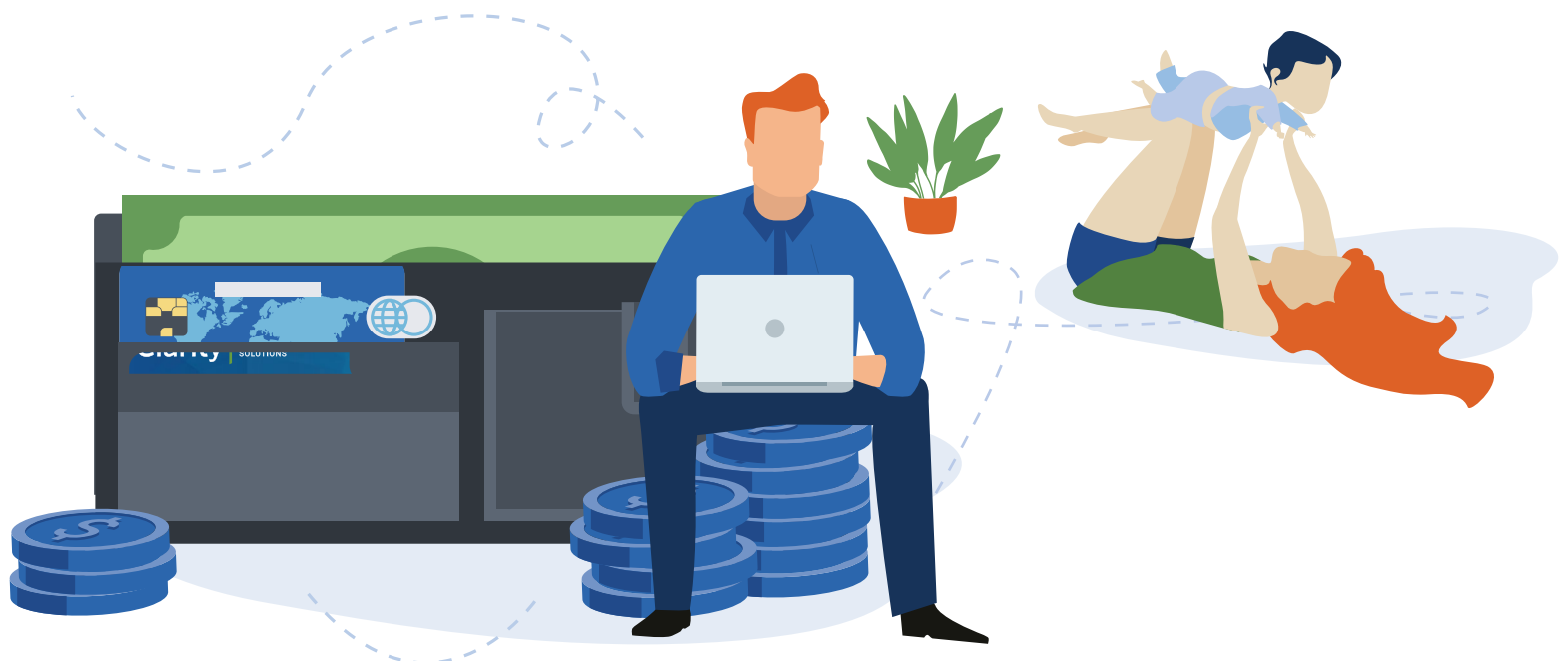
What are the benefits of HSA Advance?

ANSWER

Yes. You can choose to offer HSA Advance to all your employees or identify specific individuals/certain groups of employees you would like to offer advance funding options to - the choice is yours!

Yes. Different advance funding levels can be applied to different employees.

1. Increased participation in your HDHP/HSA offering: By offering a safety net of available funds, HSA Advance makes the HDHP/HSA option more appealing to your employees, helping to drive enrollment and participation.
2. Cost savings: HSA Advance helps drive enrollment in lower-cost plans (HDHPs), which leads to significant savings in the form of reduced premium costs and FICA tax savings.
3. Offer your employees peace of mind: Eases fears of medical financial hardship and inability to pay medical bills.
4. Increased employee satisfaction and retention: Helps drive confidence and satisfaction with your overall benefits package and HDHP/HSA offering.



QUESTION

How are HSA Advance funds accessed?

Does HSA Advance offer a tax benefit?

Are there funding limits or minimums associated with HSA Advance?

What can the advance funds be used to purchase?

What happens to distributed funds if an employee is terminated or leaves my company?

What type of reporting is available?

ANSWER

When eligible expenses are incurred, any available HSA balance will be used first. If the HSA balance is not sufficient, then any available HSA Advance funds can be used. HSA Advance is plan-year specific, meaning advanced funds can only be accessed for Clarity Benefit Card transactions submitted with dates of service in the current plan year.

HSA Advance preserves the same triple tax benefits that all HSAs enjoy.

The only limits associated with HSA Advance are the maximum individual and family HSA contribution limits set by the IRS.

HSA Advance funds can be used to cover the costs associated with any HSA-eligible expenses.

When an HSA participant leaves your company, and/or their account is reassociated, they lose eligibility and access to their available HSA Advance amount. If outstanding amounts remain, you will receive a communication so you can determine how best to collect the funds (i.e. report on W-2, deduct from final payroll, or other payment options).

You will have access to reconciliation reports that show remaining HSA Advance funds, outstanding and prepaid balances for each participant.



QUESTION

Are HSA Advance transactions included in HSA statements

What does the employee experience look like?

Where can employees view HSA Advance amounts and transactions?

When are HSA Advance funds available to my employees?

Is HSA Advance available to employees with investment balances?

How do employees pay back HSA Advance funds they have used?

ANSWER

Yes. HSA Advance transactions appear on participant statements.

After setup, HSA Advance works automatically. If an employee is paying for an eligible expense with their Clarity Benefit Card, the program will automatically cover the amount needed - up to the available limit - right at the point of sale.

HSA participants can easily view their HSA Advance amount and transactions in our Clarity portal or with the Clarity mobile app.

HSA Advance funds can be available on the first day of the plan year, however, advances are only accessed when needed.

Account holders with investment balances are eligible for HSA Advance funding. However, the HSA Advance funds remain unavailable unless the account holder has liquidated and used all investment assets.

Future HSA contributions are simply applied against the HSA advance outstanding amount until the full amount is paid back. In other words, the employee's HSA balance will not increase until HSA contributions pay off the outstanding amount.

A SIMPLY SMARTER APPROACH TO EMPLOYEE BENEFITS

Today, the benefits landscape is more confusing than ever, but it's also never been so essential. At Clarity, we believe life is a journey; one that should be lived well. So, we'll stop at nothing to bring clarity, and ensure your employees are ready for life. With state-of-the-art technology and world-class customer service, we'll handle the day-to-day so you can focus on what matters: building your business.



**VOTED BUSINESS
OF THE YEAR BY
NJBIZ IN 2020**

Learn more about us at claritybenefitsolutions.com

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