

BenefitWallet®



Health Savings Account

Transferring employee Health Savings Account (HSA) funds to BenefitWallet

As a leading innovator in the HSA marketplace, BenefitWallet®, A Xerox Solution, is happy to introduce a streamlined, automated large group trustee-to-trustee transfer-in process. This process ensures:

- A seamless transfer process
- Accurate transfers with no fund discrepancies
- Accelerated availability to account holders' existing HSA transfer dollars

The transfer-in process can normally be managed within 30-45 calendar days. Timing is, however, dependent on the approach used to process the trustee-to-trustee transfers by the existing custodians. BenefitWallet will work with the existing custodians to ensure a rapid turnaround for transferring HSA funds into the newly established BenefitWallet HSAs. The following factors will affect the timeline:

- **Required process for transfers by existing custodian** – Some custodians may support a batch transfer process. However, some custodians may require that transfers be executed individually, resulting in a longer process.
- **Individual desires to retain existing HSA** – Since accounts are individually owned, some members may not want to initiate a transfer and/or close their existing HSAs. It will be important to clearly communicate with the members how the transfer will work; their options to transfer their funds and the resulting impact of their request. As the employer, you must also decide whether or not you will pay for existing member fees, should they decide to retain their existing account, and not close and transfer their funds to BenefitWallet.
- **Rollover vs. trustee-to-trustee transfer** – There are two ways to transfer funds from an existing HSA to a newly established HSA – rollover or trustee-to-trustee transfer. The trustee-to-trustee transfer process includes several advantages over the rollover process. Trustee-to-trustee transfers permit the member to request multiple HSA transfers within the same tax year, while rollovers requests are limited to a one-time only per year frequency. Trustee-to-trustee transfers do not require tax reporting, while rollovers require the existing custodian to produce a Form 1099SA and the new custodian would report the rollover on the member's Form 5498.

Step 1: Define Transfer Requirements and Timeline

BenefitWallet will work with you, the employer, to decide on the best process and timing for completing the transition in light of your open enrollment schedule, and timeframe for opening and funding new accounts. For example, you may want to target the transfer schedule to occur after the first payroll funding period so that there is a transition period where employees will have access to funds in both their new account and their old account.

Step 2: Communicate BenefitWallet Account Opening and Transfer Process to Employees

Communicating with your employees about the transfer process will help ensure a smooth transition. BenefitWallet has experience with the transfer and communications process and will be there to help you.

In order to transfer funds from an existing HSA custodian to BenefitWallet, employees will first need to establish and activate a BenefitWallet HSA. Members will be instructed on how to establish their BenefitWallet HSA. However, since HSAs are individually owned accounts, employees will need to initiate the request to open their new account as well as close and transfer their existing HSA balance from their current custodian to BenefitWallet.

BenefitWallet will help the employers monitor and manage the account opening process. Please note that failure of an employee to open an account first at BenefitWallet will delay the transfer of funds.

Step 3: Coordinate Transfer of Funds from Prior Custodian to BenefitWallet

For those employees that chose to transfer their funds, the employer can decide if they want to assist in the collection and delivery of the forms to the existing custodian. BenefitWallet can also assist in the collection and forwarding of the forms based on the employer's preference. Once the existing custodian has processed the member's transfer request, the existing custodian will initiate closing the member's account and transferring the funds.

The prior custodian will initiate the closing of the existing account and the transferring of funds to BenefitWallet, either individually for each member or in a single lump sum transfer of funds for all employees who chose to transfer their funds. Assuming the employee's BenefitWallet HSA has been activated by the employee, BenefitWallet will deposit the funds into their new account.

BenefitWallet will monitor the completion of the transfer process and will also notify the prior custodian if any transactions failed due to incorrect information. BenefitWallet will work with the employer to ensure that all funds are moved timely and accurately into the new accounts.

Step 4: Confirm Transfers

Employees can confirm the completion of their HSA transfer by reviewing their account online or referring to their BenefitWallet statements.

Once the transfers are complete, employees can access funds from their BenefitWallet HSA by using their debit card or checkbook (a checkbook will be mailed if they have completed and returned the Master Signature Form contained in the Welcome Kit).