

TOMPKINS HEALTH SAVINGS ACCOUNT:

Employer Guide



The Health Savings Account Employer Guide provides you with key information you need to offer Tompkins' Health Savings Account (HSA) program to your employees. This guide includes both helpful information and step-by-step instructions to assist you in administering the plan. You will be provided access to our Employer Portal at <https://Tompkinsemp.lh1ondemand.com> where you can facilitate administrative functions and access reports based on user role. Our service team is available to help. We welcome you and thank you for choosing Tompkins' HSA program.

Health Savings Account Overview

A Health Savings Account (HSA) is a tax-advantaged savings account that is used in combination with a High Deductible Health Plan (HDHP) and gives your employees a new way to manage healthcare costs. They can use the HSA funds to cover qualified medical expenses—from co-payments at the doctor's office to pharmacy bills, dental care, vision care, and more.

How HSAs Work

With the Tompkins HSA, any earnings on employer and employee contributions are tax-advantaged.* Meaning, earnings on your HSA dollars are not subject to taxation. The HSA account is funded by pre-tax contributions by the employee. Employers and other third parties also can contribute to the account. The employee determines the amount of money that is withheld each paycheck before payroll taxes are deducted. This gives employees more take-home pay, while you, their employer, pay less in FICA and FUTA payroll taxes. When an employee incurs a qualified medical expense, they can pay using the Tompkins HSA Debit card, online bill-pay or other methods.

If the employee doesn't have enough money in their HSA to cover a medical expense, they can make a partial payment and pay the difference using another method. There is no "use it or lose it" condition. Any unused funds remain in the account and continue to accrue interest until used.

More information on HSA plans can be found in Publication 969 on the IRS web site at <https://www.irs.gov/forms-pubs/about-publication-969>

*Consult tax advisor

Administrative Fees and Billing Options

Fees pertaining to the administration of the HSA program and details outlining the selected billing option can be found in your Administrative Service Agreement. This guide outlines the billing process for both employer and employee paid fees.

Employer Paid Fees

Employer paid monthly administrative fees can be sent via Automated Clearing House (ACH) transactions. You will provide information about the bank account from which Tompkins will withdraw fees by completing and signing an ACH form during implementation of your plan. Upon successful pre-note, Tompkins will initiate ACH withdrawals for employer paid fees.

Administrative Fees are debited on the 8th of each month. You will receive an “Employer Fee Notification” email 24 hours in advance of the ACH transaction. You can access notifications on the Employer Portal, where they will be archived so that you can access transaction and billing history.

Employee Paid Fees

Employee paid monthly administrative fees will be deducted from Health Savings Account balances. Fees pertaining to monthly administrative services are debited on the last business day of each month. Other fees, such as for a replacement debit card, are deducted from account balances at the time the fee is incurred.

Employees will find details regarding HSA administrative fees in the HSA disclosure that is provided at the time they open the HSA. A copy of the disclosure as well as details regarding HSA transaction history are available to employees on our Consumer Portal at <https://Tompkins.lh1ondemand.com>

Employer Portal

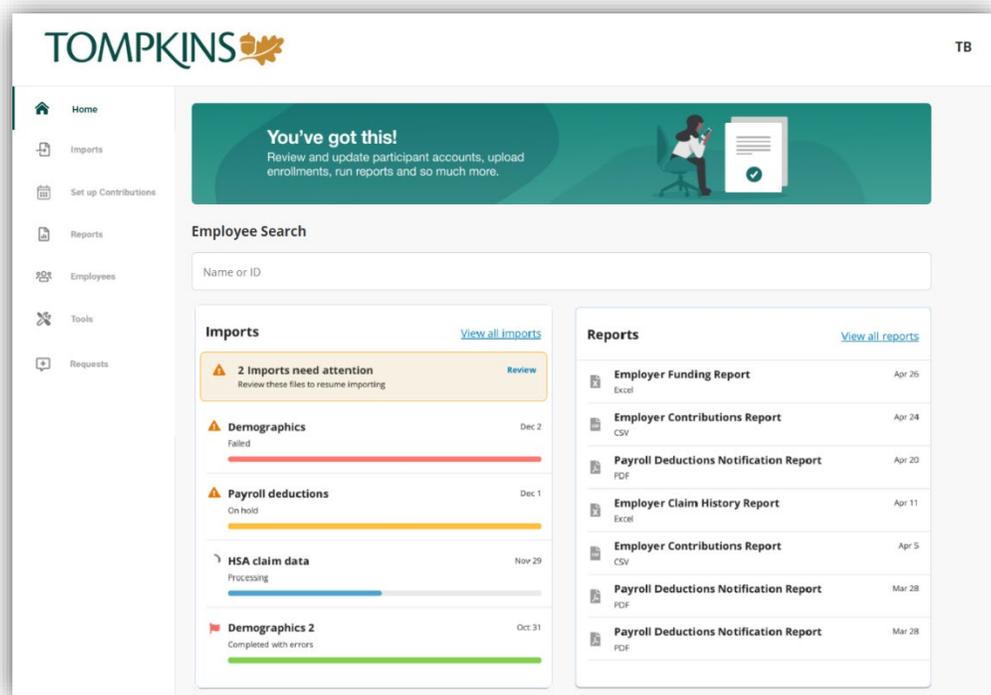
The Employer Portal is a self-service solution that gives you the tools to manage the activity of your company’s HSA plan. Simply log in to the portal and you will be able to load employee data, review monthly reports and answer your employee’s questions.

Permissions to administrative functions and reports are established based on the role of the Employer Portal user.

You will receive your login credentials during the set-up of your plan. If you did not receive your login information or need assistance with your username or password, please contact our Tompkins HSA Department.

Log in to the Employer Portal at <https://Tompkinsemp.lh1ondemand.com>

Upon initial login, you will be prompted to change your temporary password and select a security question to provide an answer. The security question will be used if you need to reset your password or if you have forgotten your password. For more detailed information about the Employer Portal, please refer to the “Tompkins HSA Employer Portal Quickstart Guide.”



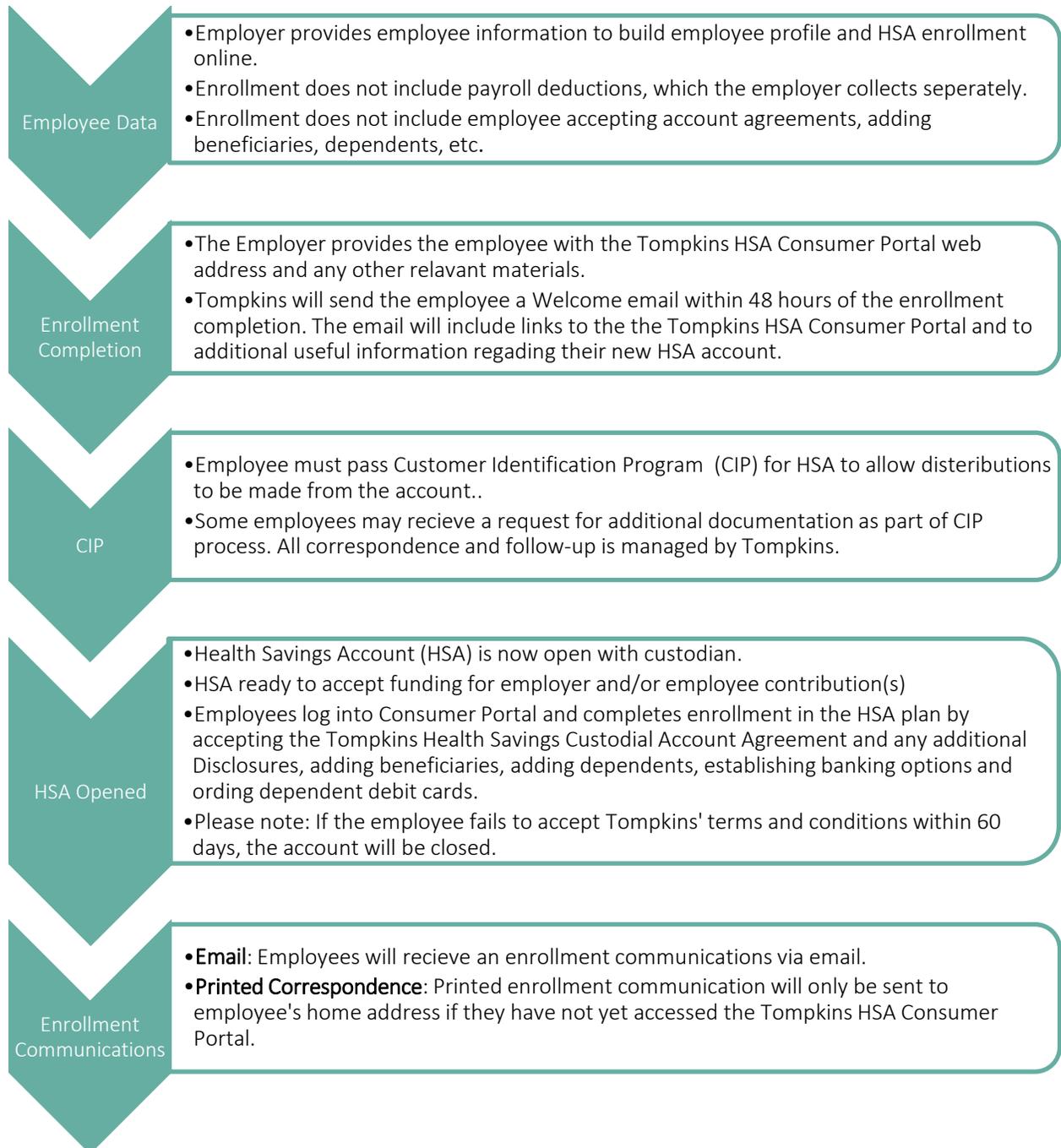
HSA Enrollment

The process for HSA enrollment begins when an employee enrolls in a qualifying High Deductible Health Plan (HDHP). Coverage under a HDHP is required for an employee to be eligible to contribute to an HSA. Employees can elect tax-free HSA contributions to be processed through payroll deduction. The initial election is captured at open enrollment; however, employees can increase, decrease or cease HSA payroll contributions as needed throughout the plan year.

Every HSA Accountholder must accept Tompkins's terms and conditions in order to use the HSA, which the Accountholder can do electronically through our online Consumer Portal. If after 60 days this process has not been completed, the HSA account will be closed out.

A Customer Identification Program (CIP) is in place in accordance with the USA Patriot Act. Once employees pass the CIP distributions can be processed out of the account. Contributions will go into the account regardless of their CIP status. It is important to note that some employees may receive a request for additional documentation as part of the CIP process. Tompkins will facilitate all communications and follow-up related to CIP.

Employer Enrollment Process for Employees



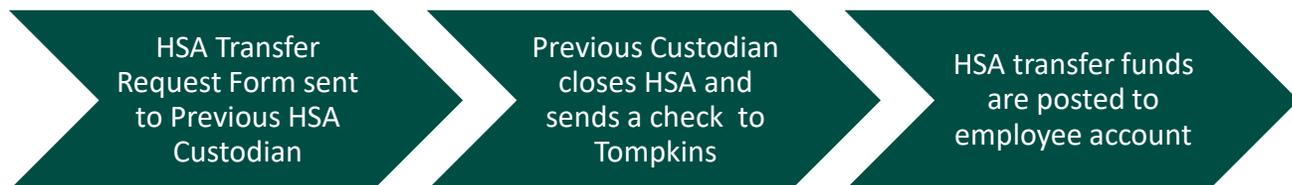
HSA Transfers

We can also assist with transferring HSA accounts from a current HSA custodian/trustee to Tompkins. Please reach out to the Tompkins HSA Department for more information at IRA_HSA@Tompkinsfinancial.com.

Incoming Consumer HSA Group Transfer



Incoming Consumer HSA Individual Transfers



HSA Contributions

HSA individual accountholders are responsible for ensuring that they do not contribute more than they are allowed under IRS rules. This includes contribution funding from all sources including employer contributions, employee payroll deduction contributions, and all other individual HSA contributions. The 2022 and 2023 limits including maximum contribution, catch-up contribution for persons age 55+, minimum deductible, and maximum out of pocket are listed below. Employees can contribute funds to be applied towards the annual contribution maximum through the tax filing deadline (typically April 15th) of the following tax year.

Employees can access details regarding processed, scheduled and pending HSA contributions for their individual account on the Consumer Portal at <https://Tompkins.lh1ondemand.com>.

2023 Contribution Maximums

	Minimum Deductible	Maximum Out-of-Pocket	Contribution Limit	55+ Contribution
SINGLE	\$1,500	\$7,500	\$3,850	\$1,000
FAMILY	\$3,000	\$15,000	\$7,750	\$1,000

2022 Contribution Maximums

	Minimum Deductible	Maximum Out-of-Pocket	Contribution Limit	55+ Contribution
SINGLE	\$1,400	\$7,050	\$3,650	\$1,000
FAMILY	\$2,800	\$14,100	\$7,300	\$1,000

HSA Contribution Funding

You, as the employer, determine the employer contribution amount(s) and contribution schedule for the HSA. Employee payroll deduction contributions are to be provided in accordance to the payroll schedule. Contributions will be posted to employee accounts upon receipt of a contribution file. Please allow 2 business days for the funds to be available to employees. It is recommended that contribution funding and files be provided at least two business days in advance of the actual contribution date.

It is important to note that IRS regulations may not permit an employer to recoup HSA contributions once the funds are posted to an employee's account. If a contribution error should occur, please reach out to the Tompkins HSA Department for further instructions.

Employer File Contribution Funding

At implementation you will be provided with a Contribution File template. The contribution file summarizes the employee and employer contributions. Both employer contributions and employee payroll deduction contributions can be included on the same file for the same contribution date. A notification is provided to you one business day before funds are debited via ACH from the bank account you have designated for HSA contribution funding. It is recommended that contribution files are submitted at least two business days prior to the contribution date.

Employer File Contribution Process Flow



Employer File Contribution Timeline

Day 0	Contribution File is submitted by employer, file is posted
Day 1	HSA Funding Collection Notification is provided to Employer
Day 1	Employees can view contributions as pending within the consumer portal
Day 2	ACH is pulled from employer bank account
Day 2	Funds are available to employees

Reporting

Tompkins will provide access to reports via the Employer Portal. Access to reports as well as the detail level that is included is based on the Employer user privileges by role within the organization. Our Employer Portal includes access to both scheduled reports and the ability for you to generate reports on an as needed basis. While this section describes our standard Employer reports, please note that other optional reports are available. Please contact our Tompkins HSA Department for inquiries regarding optional reports specific to your reporting needs.

HSA Funding Collection Notification

This notification will be sent when your account will be debited for HSA employer contributions and payroll deductions.

Summary:

XYZ Demo Company
HSA Plan Funding Collection Notification
 Create Date: 8/12/2013

SUMMARY

FUNDS TO BE COLLECTED

Funding will be pulled as described below.

Contribution Type	Amount	Funding Account	Funding Date
Employer Contribution	\$200.00	1001	8/13/2013
Employee Payroll Deduction	\$248.06	1001	8/13/2013
Totals	\$448.06		

FUNDS ON HOLD

These employees have contributions posted but did not process because either the HSA integration status is not active or the acceptance of HSA Terms and Conditions (T&C) is not complete. Once these conditions have been met, the contributions will process and a new notification will be available.

Contribution Type	Amount
Totals	\$0.00

Detail:

XYZ Demo Company
HSA Plan Funding Collection Notification
 Create Date: 8/12/2013

FUNDS TO BE COLLECTED

Identifier	Last Name	First Name	Contribution Date	Employer Contribution	Employee Payroll Deduction	Total Contribution
33445566	Sample	Sally	8/9/2013	\$100.00	\$124.03	\$224.03
33311122	Doe	John	8/9/2013	\$100.00	\$124.03	\$224.03
Totals:				\$0.00	\$248.06	\$248.06

FUNDS ON HOLD

Totals:		\$0.00	\$0.00	\$0.00
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HSA Account Summary Report

This report provides data regarding an employee's HSA activity, including contribution details and tax year contribution summaries.

Summary:

Identifier	Last Name	First Name	Current Period Payroll Deductions	Current Period Employer Contributions	Current Period Total Contributions	Prior Tax Year Total Payroll Deductions	Prior Tax Year Total Employer Contributions	Prior Year Total Other Contributions	Prior Tax Year Total Contributions	Current Tax Year YTD Payroll Deductions	Current Tax Year YTD Employer Contributions	Current Year YTD Other Contributions	Current Tax Year YTD Total Contributions
1234	Doe	John	\$125.00	\$125.00	\$250.00	\$325.00	\$175.00		\$500.00	\$325.00	\$175.00		\$500.00
2345	Sample	Jane	\$100.00	\$0.00	\$100.00	\$200.00	\$0.00		\$200.00	\$200.00	\$0.00		\$200.00
Reporting Period 2/1/2011 - 2/28/2011													

Detail:

Identifier	Last Name	First Name	Amount	Contribution Type	Tax Year	Processed Date	Note
1234	Doe	John	\$125.00	Payroll Deduction	2011	1/16/2011	1/15/2011 Payroll Deduction
1234	Doe	John	\$50.00	Employer Contribution	2011	1/16/2011	1/15/2011 Employer Contribution
1234	Doe	John	\$125.00	Payroll Deduction	2011	2/16/2011	2/15/2011 Payroll Deduction
1234	Doe	John	\$50.00	Employer Contribution	2011	2/16/2011	2/15/2011 Employer Contribution
1234	Doe	John	\$75.00	Unscheduled Employer Contribution	2011	2/16/2011	2/15/2011 Employer Contribution Adjustment
2345	Sample	Jane	\$100.00	Payroll Deduction	2011	1/16/2011	1/15/2011 Payroll Deduction
2345	Sample	Jane	\$100.00	Payroll Deduction	2011	2/16/2011	2/15/2011 Payroll Deduction
2345	Sample	Jane	\$250.00	Normal	2011	2/18/2011	
2345	Sample	Jane	\$250.00	Adjustment Distribution	2011	2/25/2011	For \$250 Normal Contribution processed on 2/18/2011

Enrollment Report

This report provides information on employee enrollment in applicable plans as of a specified date.

Creative Companies
Member Enrollment Report
 As of 7/31/2013
 Plan Year: 1/1/2013 - 12/31/2013

Identifier	Participant Name	Status	Last Update	First Pay Date	Plan Name	Employer Contribution	Election	Payroll Deduction	Total Deduction	Reim Method
523669874	Albam, Damon	A	10/9/2012	1/3/2013	FSA	\$200.00	\$500.00	\$20.83	\$20.83	DC (CK)
909000026	Annis, Jordan	A	2/10/2013	1/7/2013	FSA	\$100.00	\$1,000.00	\$19.23	\$19.23	DC (CK)
909000026	Annis, Jordan	A	2/10/2013	-	HRA	\$500.00	-	\$0.00	\$19.23	DC (CK)
	Bailey, Jim	A	7/23/2013	1/13/2013	FSA	\$0.00	\$2,222.00	\$85.46	\$85.46	DC (CK)
	Bailey, Jim	A	7/23/2013	-	HRA	\$500.00	-	\$0.00	\$85.46	DC (CK)
874554412	Bell, Andy	A	10/9/2012	1/3/2013	FSA	\$0.00	\$1,500.00	\$62.50	\$62.50	DC (CK)
909000018	Borne, Natalie	A	1/9/2013	-	HRA	\$500.00	-	\$0.00	\$0.00	DC (CK)
	Brennen, Emily	A	7/23/2013	7/28/2013	FSA	\$0.00	\$1,434.00	\$119.50	\$119.50	DC (CK)
	Brennen, Emily	A	7/23/2013	-	HRA	\$2,000.00	-	\$0.00	\$119.50	DC (CK)
	Campbell, Norah	A	7/23/2013	1/13/2013	FSA	\$0.00	\$1,322.00	\$50.85	\$50.85	DC (CK)
	Campbell, Norah	A	7/23/2013	1/13/2013	Premiums	\$0.00	\$4,433.00	\$170.50	\$221.35	DC (CK)
551224554	Carlton, Emma	A	2/15/2013	-	HRA	\$500.00	-	\$0.00	\$0.00	DC (CK)
909090910	Chavez, Rosa	A	6/17/2013	1/13/2013	FSA	\$0.00	\$1,000.00	\$38.46	\$38.46	DC (CK)
554699149	Compton, Made	A	2/15/2013	1/13/2013	FSA	\$0.00	\$2,500.00	\$96.45	\$96.45	DC (CK)

HSA Education and Communication

The key to any successful HSA program begins with education and quality communications. Tompkins has invested in many HSA educational resources for you and your employees including education & demo videos, Quickstart guides and much more. We will provide information and communication reading the HSA plan to your employees in a variety of ways based on the correspondence preferences established by each employee on the Consumer Portal. Ongoing correspondence with employees includes account statements, tax forms, and emails regarding HSA account information.

Employees can access educational materials, forms, and history of communications regarding their account directly from the Consumer Portal. The same educational resources and forms that are available to your employees can be accessed via the Employer Portal.

Definitions

Health Savings Account: A Health Savings Account (HSA) is a special tax-advantaged ~~savings~~ account designated for qualified medical expenses. To be eligible to open and make contributions to the HSA, the employee must be covered by a qualified high-deductible health plan. (HDHP) Employees own their HSA at all times and the account is portable, employees can take the account with them when they change medical plans, change jobs or retire.

High Deductible Health Plan: A health insurance plan that has a high minimum deductible, which does not cover the initial costs or all of the costs of medical expenses. The policy holder is responsible to cover the deductible before insurance coverage kicks in. The minimum deductible for a plan to be categorized as an HDHP varies each year as determined by the Internal Revenue Code. (IRS). Being covered by a HDHP is also a requirement for having a health savings account.

Qualified Medical Expense: A qualified medical expense is one for medical care as defined by Internal Revenue Code (IRS) Section 213(d). The expenses must be primarily to alleviate or prevent a physical or mental defect or illness, including dental and vision. Refer to IRS Publications 502 for more information on qualified medical expenses on the IRS website at <https://www.irs.gov/forms-pubs/about-publication-502>