



Pensions&Investments West Coast
**Defined Contribution
Conference**

October 18 - 20 | The Palace Hotel | San Francisco





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Defined Contribution Conference

October 18-20, 2015 | The Palace Hotel | San Francisco

Managing the Push-Pull of HSAs and Defined Contribution

Moderator:

Alison Borland, Senior VP of Strategy & Solutions, Aon Hewitt

Speakers:

Kerstin Aiello, Benefits Director, Synopsys

Rebecca Brown, Senior Director, Retirement & System Investments,
Providence Health & Services

Jody Dietel, Chief Compliance Officer, WageWorks

Eric Dowley, Senior Vice President, Fidelity Investments



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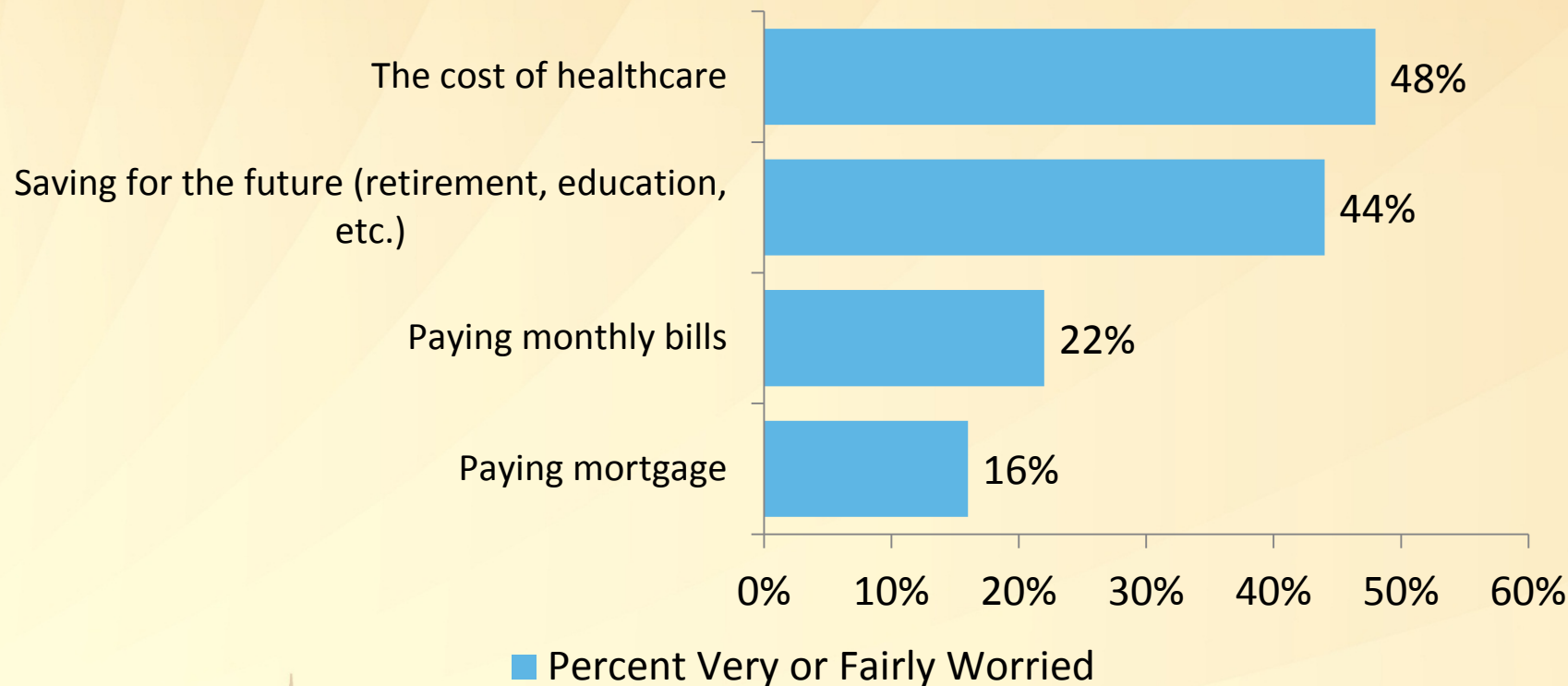
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Alison Borland

Senior Vice President of Strategy & Solutions,
Aon Hewitt



Employees are Most Worried About the Cost of Healthcare and Retirement



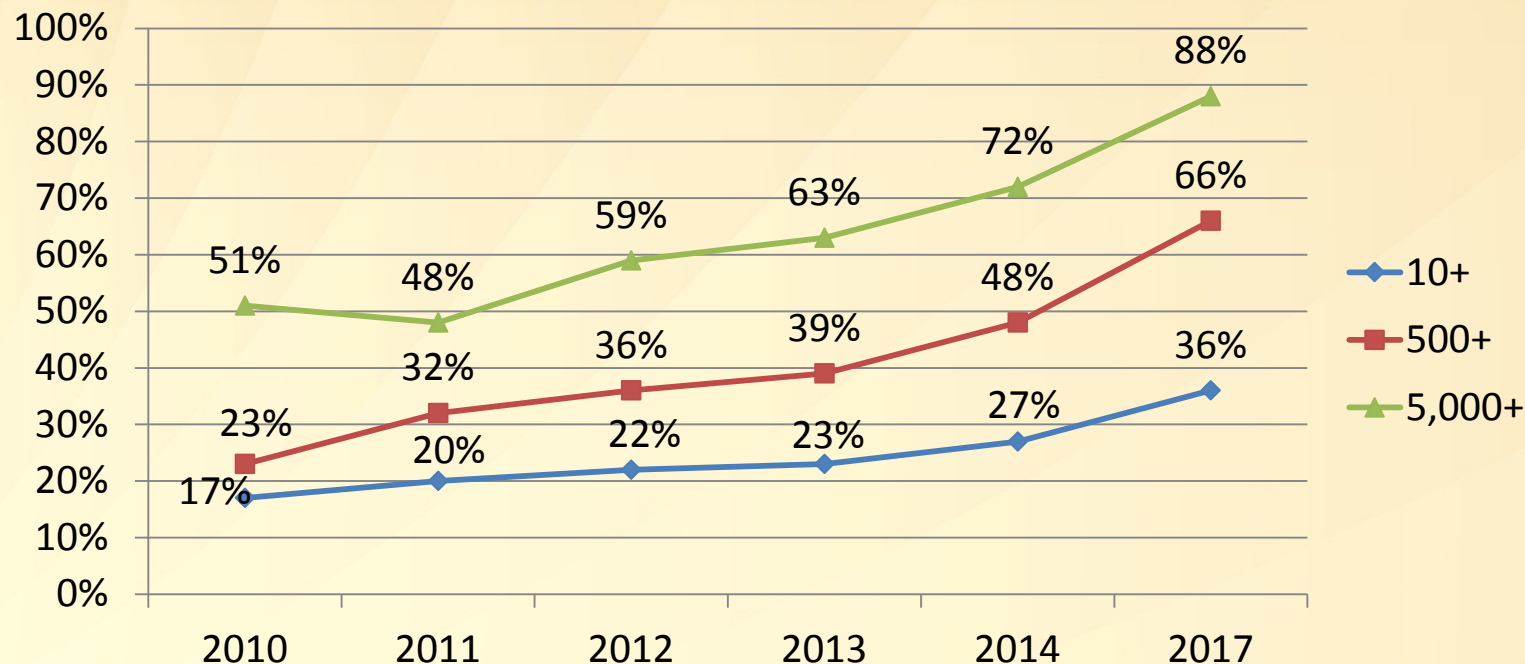
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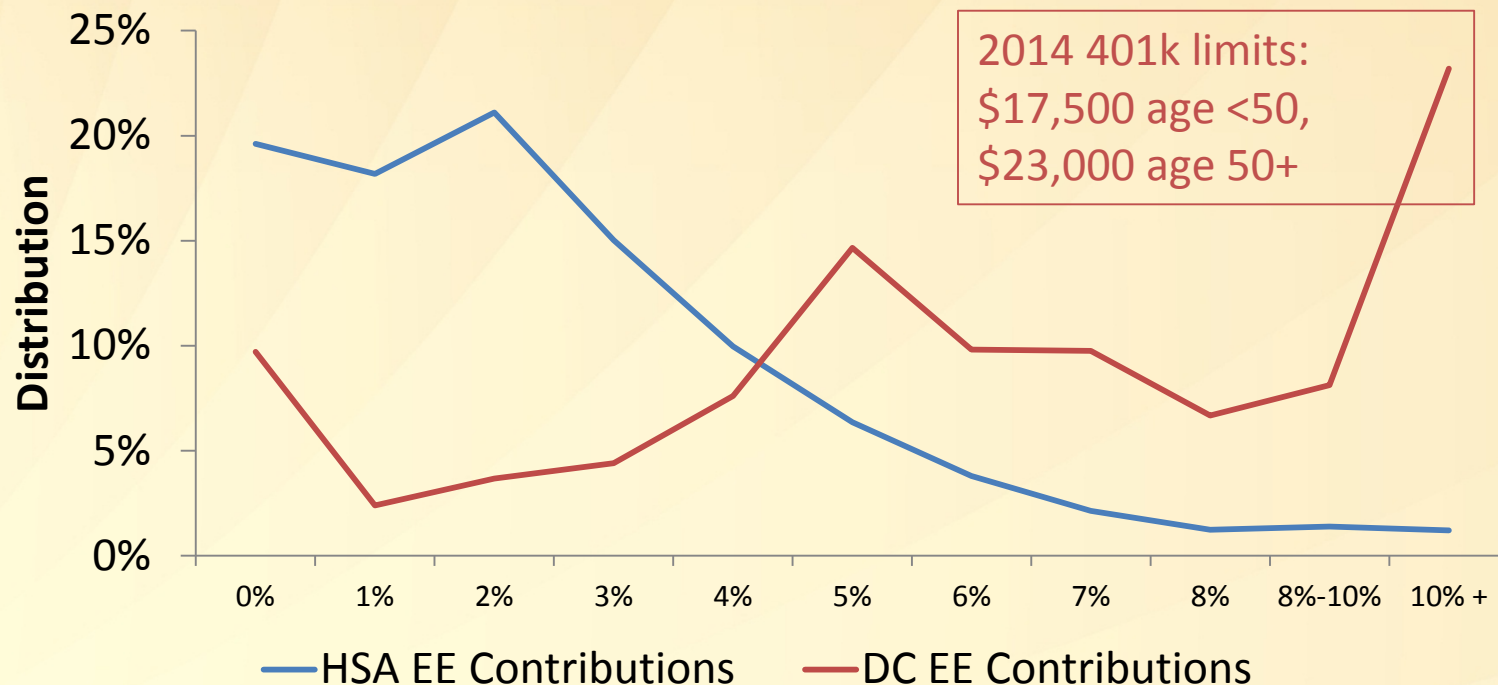
Percentage of Employers Offering HSA-Eligible Health Plans/HRAs, 2008-2014 by Employee Size, with Projections Through 2017



Source: http://www.ebri.org/pdf/briefspdf/EBRI_IB_400_June14.HSAs.pdf



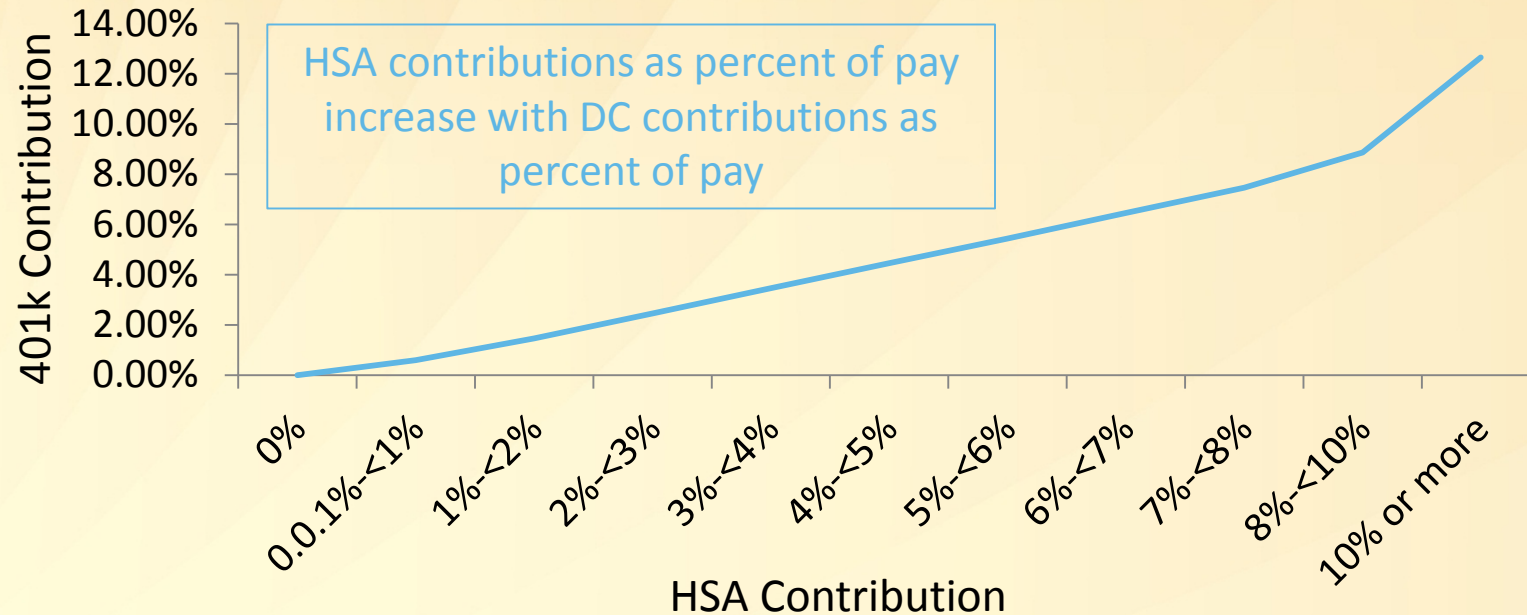
HSA vs 401(k): Distribution of Employee Contributions as a Percent of Pay



Source: Aon Hewitt calculations of participants who are eligible for 401(k) plans, have elected contributions to an HSA, and have opened an HSA.



HSA vs 401(k): Contributions as Percent of Pay



Source: Aon Hewitt calculations of participants who are eligible for 401(k) plans, have elected contributions to an HSA, and have opened an HSA.





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Eric Dowley

**Senior Vice President,
Fidelity Investments**



HSAs cannibalize 401(k)s...

True or False?



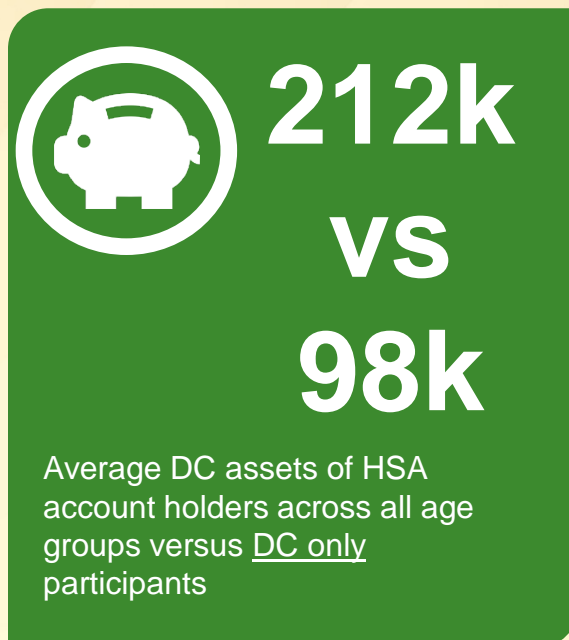
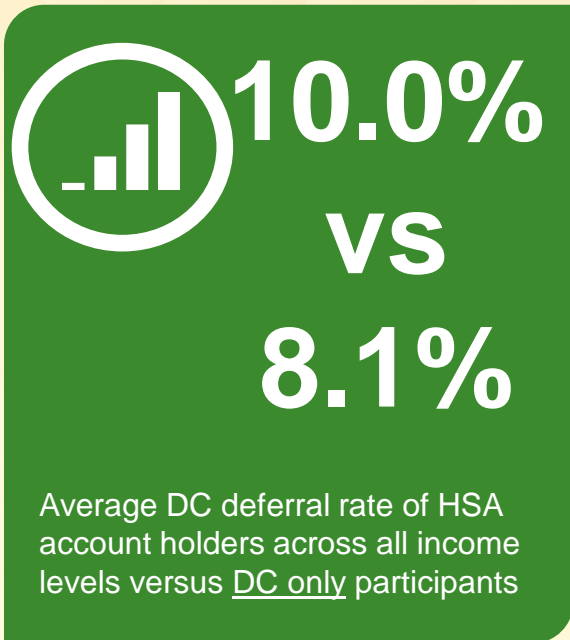
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False! And there's proof...



The potential for growth for investors

Average returns from 2005 - 2014

**3 month
Treasury Bill**

1.44%

S&P 500

9.49%



What does this all mean?

- HSA + DC = Powerful combination to help build retirement security
- HSAs benefit all ages and income brackets
- Investing HSA dollars may be a prudent strategy for some account holders



Key takeaways for your employees

Health care costs in retirement estimated to be \$245k per couple

- People need to save for health care expenses specifically as part of an overall retirement savings strategy
- HSAs can be an integral part of helping to cover health care costs in retirement



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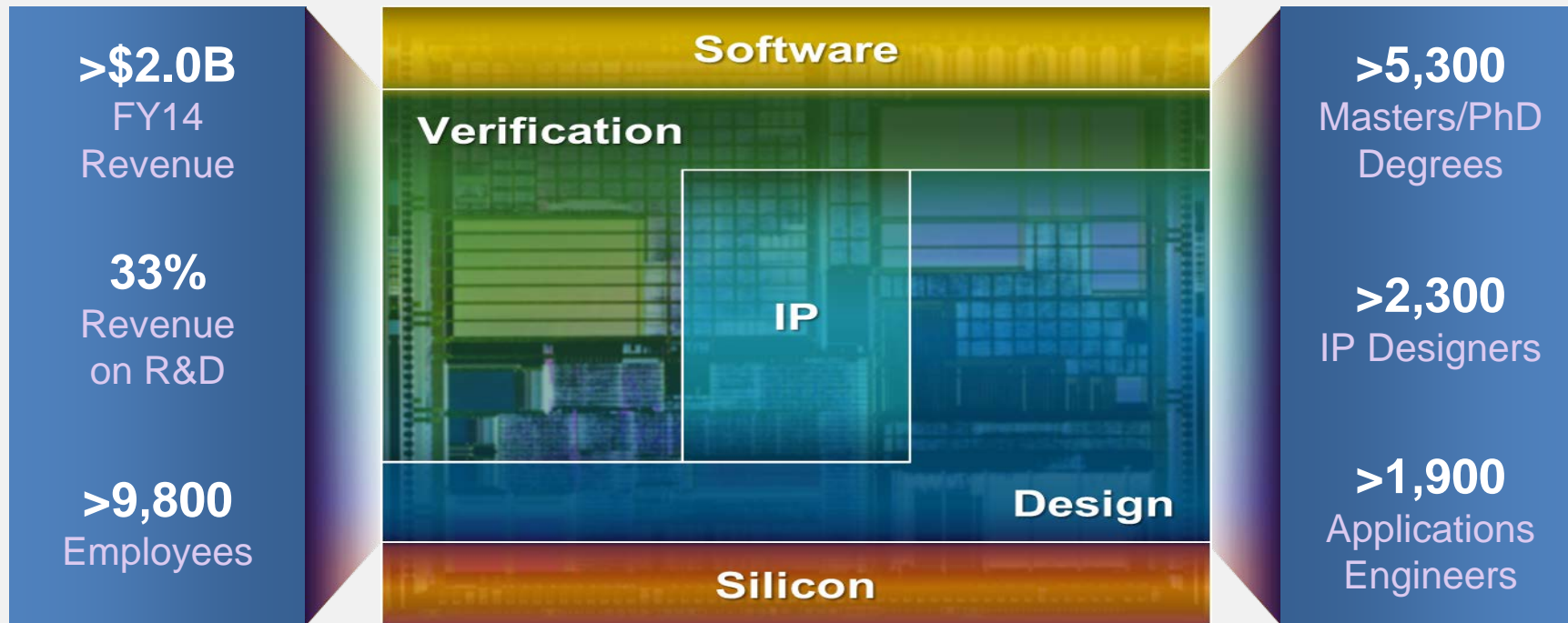
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Kerstin Aiello
Benefits Director,
Synopsis



Synopsys at a Glance



Our US Employees

- 3700 Employees
- Average age is 47
- 78% male
- Average salary \$145k
- Average tenure 7 years
- 53% foreign born



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Our HSA history

- First implemented in 2012, goal 8%
- First year enrollment - 25%
- 2015 enrollment is 51%
- 90% of accounts are activated by January 1



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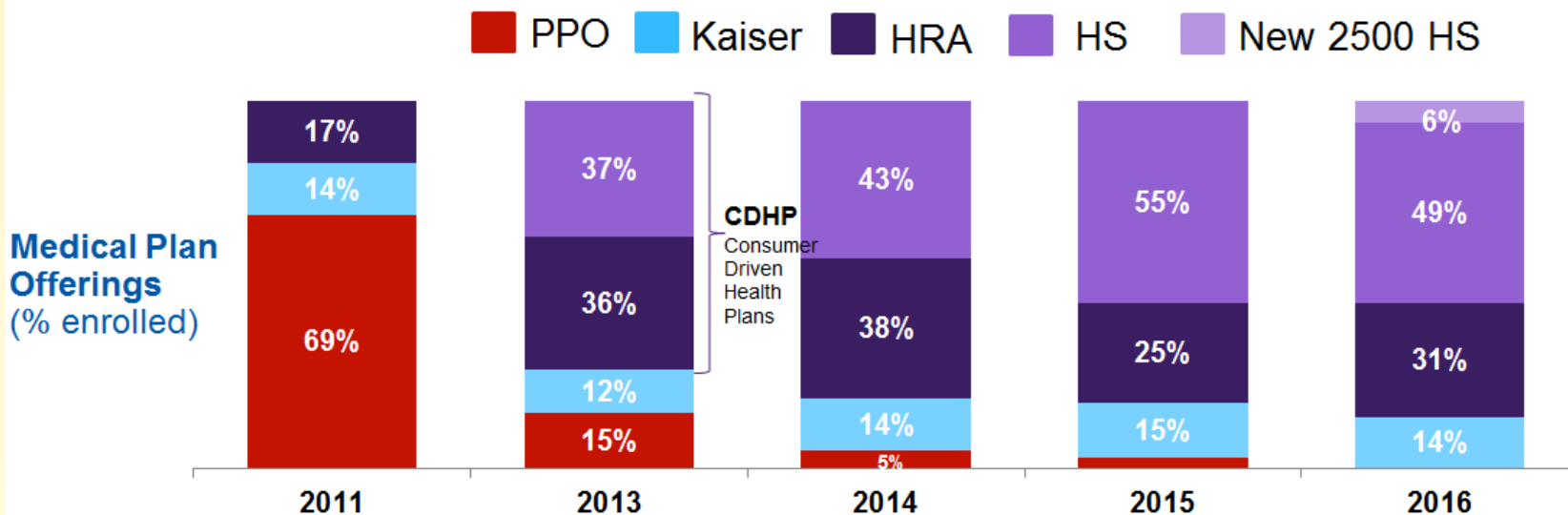
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HSA Journey slide

2011 – 2016 Benefits Journey





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Rebecca Brown

**Senior Director, Retirement & System Investments,
Providence Health**



About Providence Health & Services

- Providence Health & Services continues a tradition of caring that the Sisters of Providence began more than 158 years ago.
- Providence is the third largest not-for-profit health system in the United States
- We operate across 5 states: Alaska, California, Montana, Oregon and Washington
- Our system includes more than 76,000 employees serving in a diverse range of ministries from birth to end of life, including acute care, physician clinics, long-term and assisted living, palliative and hospice care, home health, supportive housing and higher education



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About Providence Health & Services

Our locations and who we serve

- We operate 35 hospitals, 500+ physician clinics, 22 long-term care facilities, 19 hospice and home health programs, and 693 supportive housing units in 14 locations
- Our health plan serves our employees and other large employer groups covering 436,000 members
- On any given day, we
 - care for 1,200+ people in our long-term care facilities, 4,000+ in our hospitals and 15,000+ in our clinic settings
 - serve 7,000+ people in our home health and palliative care programs and almost 800 in supportive housing



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Our HSA Plan

- First introduced in 2009
 - Offered system-wide in 2013; PPO eliminated for most that same year
 - Employees choose from HSA, HRA & HMO
- Health Incentive
 - New in 2016: complete an educational activity focused on advanced care planning – in case of future serious illness or injury.
 - Or, complete an online personal health assessment and at least one stage of a self-paced, online well-being program to help improve emotional and/or physical health
 - Amounts
 - \$700 for employee-only coverage
 - \$1,400 for employee + dependent(s)
 - If employee + spouse/adult benefit recipient only, spouse/ABR must also complete activities
 - Deposited into HSA (or HRA) during the first month of the year



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HSA Utilization

- Almost 14,000 HSA accounts
- Overall average balance = \$1,817
- 4,380 participants eligible to invest (balance > \$1,500)
- 400 have chosen to invest
- Average investment balance = \$7,008
- 131 investors have opted into some degree of investment advice for an additional fee



Going Forward

- HSA provider expects to begin transition away from current 41-fund lineup to lower-cost options in the next year
- Communications
 - Considering more active approach in conjunction with H&W colleagues
 - Administrator developing webinar to help explain how to prioritize savings
- Although H&W peers currently manage the benefit, administrator provides detailed reports on utilization, fund performance and fees as well as updates from Investment Committee meetings





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Jody Dietel

**Chief Compliance Officer,
WageWorks Inc.**



Flyer



WHY YOU NEED IT

- Pay for today's eligible out-of-pocket healthcare expenses using tax-free money and put away something extra for tomorrow's healthcare needs
- Pay fewer taxes this year and in retirement—earnings on your HSA funds are tax free, too
- Earn money while saving money with no "use it or lose it" risk

**You can save
THIS MUCH
every year!**



See the estimated tax savings



HOW IT WORKS

Simply decide how much you want to contribute, and funds are withdrawn from your paycheck for deposit in to your HSA before taxes are deducted. Use your HSA to pay for any day-to-day eligible healthcare expenses, and any balance left builds your healthcare nest egg. You can even invest your HSA balance and not pay taxes on your gains.

The money in your account is yours to keep even if you change jobs, switch healthcare plans, or retire. Unused funds are rolled over from year to year.

HOW YOU USE IT

With a variety of payment and reimbursement options, your WageWorks HSA is easy to use. The WageWorks Healthcare Card associated with your account can be used to pay for eligible healthcare products and services for you, your spouse, and your dependents.



HOW YOU MANAGE IT

Manage your account via a secure website on any computer or mobile device connected to the Internet, or via the WagaWorks (Z Recruits®) mobile app.

HOW MUCH YOU CAN CONTRIBUTE

The maximum amount you can contribute to your WageWorks HSA is \$3,350 if you have individual coverage and \$6,700 if you have family coverage. If you are 55 or older as of December 31, 2015, you may contribute an additional \$1,000.

HOW YOU GET IT

Ready to save? Sign up for a WageWorks HSA during your Open Enrollment period. Contact the person or organization managing your benefits enrollment today!

Savings Example	
Without HSA	With HSA
Gross annual pay (estimated)	Gross annual pay (estimated)
\$40,000	\$40,000
Estimated tax (rate 30%)	Estimated tax (rate 30%)
-\$12,000	-\$12,000
Net annual pay	Net annual pay
\$28,000	\$28,000
Estimated contribution - future healthcare expenses	Estimated contribution - future healthcare expenses
-\$2,000	-\$2,000
Final take-home pay	Final take-home pay
\$26,000	\$26,000
<p>All figures are illustrative purposes only and are based on a gross salary of \$40,000. Actual figures will vary based on your specific circumstances. Consult with a tax professional for more information.</p>	
	Take home this much more
	\$2,000

Learn more at

www.pearsoned.com/myhea



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WageWorks Health Savings Account

A WageWorks® Health Savings Account (HSA) is like a 401(k) for healthcare expenses. Enroll now and take home an average of **\$2,025** more in the coming year. It's a no brainer.

Learn more at www.wageworks.com/myhsa

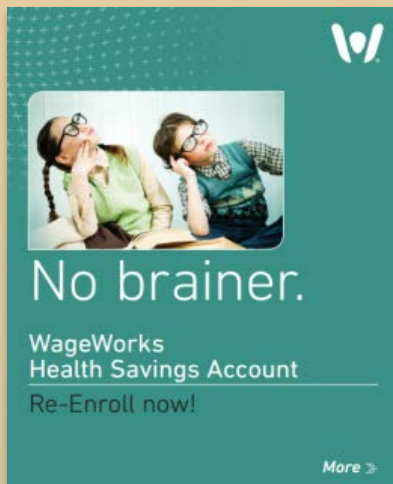


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Health Savings Account (HSA)

Re-Enroll Card



WageWorks logo



No brainer.

WageWorks
Health Savings Account

Re-Enroll now!

More >

WageWorks

Re-Enroll and Keep Saving

It's time to re-enroll in your WageWorks® HSA! Re-enrolling in your HSA is the smart, simple way to reduce your tax burden while continuing to build a healthcare nest egg.

- Pay for today's eligible out-of-pocket healthcare expenses using tax-free money and put away something extra for tomorrow's healthcare needs
- Pay fewer taxes this year and in retirement—earnings on your HSA funds are tax free, too
- Earn money while saving money with no "use it or lose it" risk

Re-enroll in your WageWorks HSA and take home an average of \$2,025 more this coming year.

See your savings at:

www.wageworks.com/myhsa

Ready to keep saving?
Re-enroll in your WageWorks HSA today!

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3/25/2015



Cut/Paste Content



WageWorks logo

WageWorks Health Savings Account

A WageWorks® Health Savings Account (HSA) is like a 401(k) for healthcare expenses. If you are covered by a qualified high-deductible health plan, you can set aside pre-tax money in an HSA to pay for current and future healthcare expenses. A WageWorks HSA is the smart, simple way to reduce your tax burden while building a healthcare nest egg.

Why You Need It

- Pay for today's eligible out-of-pocket healthcare expenses using tax-free money and put away something extra for tomorrow's healthcare needs
- Pay fewer taxes this year and in retirement—earnings on your HSA funds are tax free, too
- Earn money while saving money with no "use it or lose it" risk

How It Works

Simply decide how much you want to contribute, and funds are withdrawn from your paycheck for deposit into your HSA before taxes are deducted. Use your HSA to pay for everyday eligible healthcare expenses, and any balance left builds your healthcare nest egg. You can even invest your HSA balance and not pay taxes on your gains. The money in your account is yours to keep even if you change jobs, switch healthcare plans, or retire. Unused funds are rolled over from year to year.

How You Use It

With a variety of payment and reimbursement options, your WageWorks HSA is easy to use. The convenient WageWorks Healthcare Card associated with your account can be used to pay for hundreds of eligible healthcare products and services for you, your spouse, and your dependents.

How You Manage It

Manage your account via a secure website on any computer or mobile device that's connected to the Internet or via the WageWorks EZ Receipts® mobile app.

How Much You Can Contribute

The maximum amount you can contribute to your WageWorks HSA in 2016 is \$3,350 if you have individual coverage and \$6,750 if you have family coverage. If you are 55 or older as of December 31, 2015, you may contribute an additional \$1,000.

How You Get It

Ready to save? Sign up for a WageWorks HSA now. Contact insert name

Learn more at www.wageworks.com/myhsa



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Health Savings Account (HSA)

Enrollment Email

HTML



No brainer.

WageWorks Health Savings Account

Take home an average of \$2,025 more this year

A WageWorks® Health Savings Account (HSA) is like a 401(k) for healthcare expenses. If you are covered by a qualified high deductible health plan, you can set aside pre-tax money in an HSA to pay for current and future healthcare expenses. A WageWorks HSA is the smart, simple way to reduce your tax burden while building a healthcare nest egg. Sign up during your Open Enrollment period!

To learn more, visit www.wageworks.com/myhsa

WageWorks
everyone benefits

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HTML TEXT

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WageWorks Health Savings Account

Take home an average of \$2,025 more this year

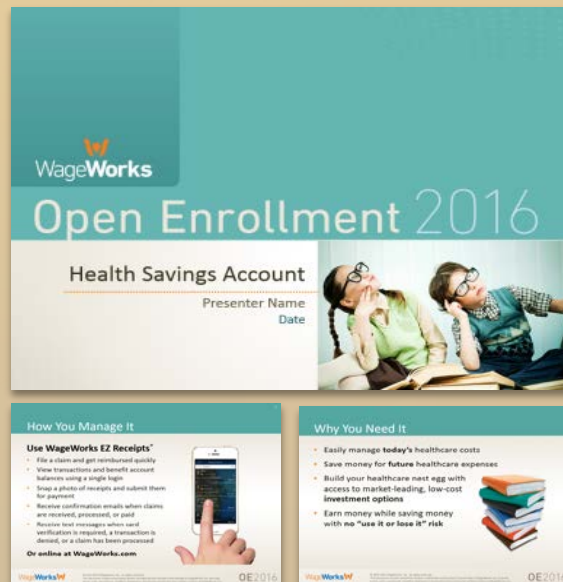
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To learn more, visit www.wageworks.com/myhsa

www.wageworks.com

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PowerPoint Presentation



WageWorks

Open Enrollment 2016

Health Savings Account

Presenter Name _____
Date _____

How You Manage It

Use WageWorks EZ Receipts™

- File a claim and get reimbursed quickly
- View transactions and benefit account balances using a single login
- Snap a photo of receipts and submit them for payment
- Receive confirmation emails when claims are received, processed, or paid
- Receive text messages when card verification is required, a transaction is denied, or a claim has been processed

Or online at WageWorks.com

Why You Need It

- Easily manage today's healthcare costs
- Save money for future healthcare expenses
- Build your healthcare nest egg with access to market-leading, low-cost investment options
- Earn money while saving money with no "use it or lose it" risk

WageWorks OE2016



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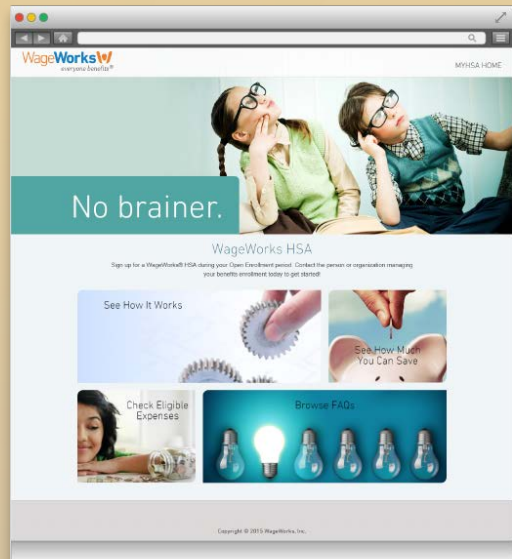
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Health Savings Account (HSA)

Landing Page



<https://www.wageworks.com/myhsa>

Videos



<https://vimeo.com/wageworks/review/75910504/49584b1ae3>



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WageWorks CDB Historical Snapshot

2011

2012

2013

2014

2015

HSA

20%

29%

39%

44%

52%

**FSA
(Medical)**

45%

48%

50%

52%

41%

**1 or More
Products**

61%

70%

77%

79%

77%

HDHP

24%

35%

46%

55%

69%



401(k), FSA and HSA 2013 - 2015

Year	HDHP Part %	HDHP w/ LP FSA	HDHP w/ Full FSA	HDHP w/ HSA	401(k) Part. ⁽¹⁾
2013	46%	25%	12%	82%	75%
2014	55%	29%	18%	75%	70%
2015	69%	25%	12%	75%	72%

(1) Varies throughout the year but compared one point in time over multiple years but we typically run in the 70-75% range. We also have auto-enrollment which plays a big factor in enrollment.





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