



ULTIMATE GUIDE TO BENEFITS

Let's take a closer look at consumer-driven employee benefits to see what the guidelines are, what the perks are for you and your employees and why they're a great recruitment and retention tool.



HEALTH SAVINGS ACCOUNT (HSA)

An HSA is a pre-tax benefits plan that lets your employees save money on eligible medical, dental and vision expenses, including copays, prescriptions and a variety of products. To be eligible for an HSA, an employee must be enrolled in a High-Deductible Health Plan (HDHP).



PERKS FOR EMPLOYEES

- Their funds are contributed tax-free.
- Their funds grow (with interest or through investment) tax-free.
- Their funds can be withdrawn tax-free when used on eligible expenses.
- Their funds carry over from year to year.



PERKS FOR EMPLOYERS

- Your contributions to your employees' HSAs are tax deductible.
- Your employees' contributions reduce your payroll taxes.
- You save on healthcare costs, since HDHP coverage is more affordable for you.

THE BENEFITS OF HSA INVESTMENT

HSA funds can be invested. We offer investment tools and more than 8,500 mutual funds and other investment options.

Funds can be withdrawn at any time tax-free as long as they're used for eligible expenses.

Once they reach age 65, your employees can spend HSA funds on anything without paying a penalty fee.



FLEXIBLE SPENDING ACCOUNT (FSA)

An FSA is a pre-tax benefits plan that lets your employees save on a variety of healthcare expenses, depending on the type of FSA. FSAs are subject to the IRS' use-or-lose rule, meaning all funds must be spent within the plan year or be forfeited to the plan.



PERKS FOR EMPLOYEES

- Their funds are contributed tax-free.
- Their funds are available on the plan year's first day (except with a Dependent Care FSA).
- They can pair a Limited FSA or Dependent Care FSA with an HSA.



PERKS FOR EMPLOYERS

- Your employees' contributions reduce your payroll taxes.
- You own the account.
- You can choose to offer a grace period or carryover, which can make FSAs more appealing to employees, as they give employees more time to use their funds.

THE FOUR MOST POPULAR TYPES OF FSAs



MEDICAL FSA

Covers eligible medical, dental and vision expenses.



LIMITED MEDICAL FSA

Covers eligible dental and vision expenses. A Limited FSA can be paired with an HSA.



COMBINATION MEDICAL FSA

Starts as a Limited FSA (covering dental and vision expenses) but can become a Medical FSA.



DEPENDENT CARE FSA

Covers eligible day care expense for children under age 13 or expenses related to care for a disabled spouse or dependent.



HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

An HRA is an employer-funded account that lets employees save money on healthcare expenses. Since you own the account, you also determine which expenses are eligible.



PERKS FOR EMPLOYEES

- They get plan funds from you, since you sponsor the plan.
- Their plan is customized by you, so you can make sure it fits their needs.



PERKS FOR EMPLOYERS

- You can build the plan to work with any health coverage you provide.
- You own the account.
- You determine account contribution limits.

GET TO KNOW THE ICHRA

The Individual Coverage Health Reimbursement Arrangement (ICHRA) was introduced in 2020 as a way for you to provide funds to employees to help them pay for individual health insurance and other eligible expenses. With an ICHRA:

- Employees can shop for customizable, more affordable insurance in an individual marketplace, such as Discovery Marketplace, that meets their needs.
- You save on health insurance premiums and instead fund the ICHRA.
- You can customize the ICHRA, including how much you contribute to each employee class and what the eligible expenses are.



LIFESTYLE SPENDING ACCOUNTS (LSA)

An LSA is a taxed benefits plan your employees can tap into for a variety of expenses related to lifestyle and wellbeing.

LSAs are customizable and funded by you.



PERKS FOR EMPLOYEES

- They get plan funds from you, since you sponsor the plan.
- Their plan is customized by you, so you can make sure it fits their needs.
- They'll feel their employer cares about their wellbeing and development.



PERKS FOR EMPLOYERS

- You own the account.
- You determine eligible expenses.
- You can boost retention and recruitment by offering a custom option your employees really want.

SOME COMMON EXPENSE CATEGORIES

- Health: Gym memberships, yoga classes, athletic clothes
- Financial: Student loan repayment assistance, life emergencies
- Professional: Conference ticket costs, professional development



COMMUTER BENEFITS

Commuter Benefits let your employees put money aside tax-free to pay for expenses for commuting to and from work. Eligible expenses include mass transit, vanpooling/rideshare and parking costs.



PERKS FOR EMPLOYEES

- Their funds are contributed tax-free.
- They can easily adjust their contributions on a monthly basis.
- They can benefit in other ways, such as reduced stress from experiencing a better daily commute.



PERKS FOR EMPLOYERS

- You can save money on payroll taxes (depending on your location).
- You free up parking spaces at your office.
- You'll ensure you're in compliance if you're in an area with a mandate to offer Commuter Benefits (such as New York, San Francisco or Seattle).

BASED ON PLAN DESIGN AND LOCATION, FUNDS CAN BE USED ON COMMUTER EXPENSES FOR:



TRAIN



BUS



SUBWAY



VANPOOLING



PARKING



RIDESHARING



Participation in HSAs, FSAs, HRAs and Commuter Benefits is expected to increase in the coming years. That makes offering consumer-directed benefits a great recruitment and retention tool.

Discovery Benefits simplifies the administration of these plans through innovative solutions and extraordinary customer service. And your employees will enjoy a simplified benefits experience, as we offer one debit card, one online account and one mobile app for all of their benefits.

**Find out more about our administration today
by visiting www.DiscoveryBenefits.com!**

