

# A modern and personalized HSA investment experience

The health savings account (HSA) investment solution allows members to integrate their HSA with an investment account. Members have their choice of three different account types: Managed, Self-Directed, and Brokerage.



## Why is the HSA investment experience changing?



Our new market-leading approach gives members more options for investing with their HSA. Members can manage all aspects of their HSA, including spending account and investments, within a single website experience. Investors of every experience level — from first-time to seasoned — will be able to easily navigate their health and wealth.



## What is different about the new HSA investment solution?



1. **Three different investment paths:** Members can choose to open a Managed (designed for novice investors), Self-Directed (designed for intermediate investors) or Brokerage (designed for adept investors) investment account. While it's very easy for members to begin investing their HSA funds, the account setup process is different from the prior solution.

**Note:** For the Managed path, buys are executed according to the member's portfolio allocations and may take up to two business days after money is moved into the investment account.

2. **Real-time trading:** A full suite of exchange-traded funds (ETFs) traded in real time lowers costs for members. When a member's balance exceeds the minimum threshold, they can immediately move assets into their investment account, rather than waiting the 24 to 48 hours typical of other investment platforms.

3. **Fractional trading:** Members can buy fractional shares of desired ETFs and stocks up to eight decimal points (as compared to three decimal points at Schwab and TD Ameritrade).



### **When will the HSA investment experience change for members?**



On August 1, 2022, all HSA members who don't have an investment account will be directed to the new investment solution, if they choose to begin investing. On September 21, 2022, HSA members with a current investment account will have their investment funds liquidated and moved to their HSA cash account. The liquidation of all account holder investment funds will be completed by September 30, 2022. Impacted members will be notified 30 days before the liquidation of their funds and receive subsequent reminder emails. After the liquidation, they'll have the option to reinvest their funds via the new HSA investment solution on October 3, 2022.

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### **How will members be notified?**



Our preferred custodian, WealthCare Saver, will send letters to members who have an existing HSA investment account — or who open one prior to August 1, 2022. This letter will introduce the new experience and provide details about the liquidation. We won't notify members who don't have an HSA investment account.

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### **Will members lose money when the current investment accounts are liquidated?**



We'll transition the full value of an investor's account at the time of liquidation. There are no additional fees charged for account closure or migration. During the migration period — after liquidation but before the new investment solution is available — no earnings will be made or lost.

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### **Will members be able to keep their existing investment account?**



No. All members with a current investment account will have their investment funds liquidated and moved to their HSA cash account. After liquidation, members can decide whether to reinvest their funds using the new HSA investment solution.

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### **Is it possible to automatically reallocate a member's investment funds as part of this new investment solution?**



No. Since we're offering a variety of investment options, members will need to choose where to transfer their assets. There will be no 1:1 mapping of the current fund lineup to the new fund lineup. Investors who convert from the existing solution to the new HSA investment solution will be able to choose their desired account type and move their funds over in real time.



**If a member self-liquidates their current investment account, will they gain access to the new investment experience?**



No. All existing investment members will need to go through a conversion before they can access the new HSA investment solution.

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**Is the minimum cash investment threshold changing for the new HSA investment solution?**



No. The investment threshold will remain (\$500) for HSA members.

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**What steps will members need to take if they choose to open a new investment account?**



Once members have access to the new investment experience, they'll have three investment paths to choose from.

**Managed:**

1. First, the member will dictate how much money they want to fund their investment account with, using their HSA cash account.
2. Then they'll answer a risk questionnaire, be matched into a fund portfolio, and confirm they want to open an account.
3. Once they confirm, the investment account is opened; at this point, the advisor tool will regularly rebalance and manage the account holder's portfolio.

**Note:** For the Managed path, buys are executed according to the member's portfolio allocations and may take up to two business days after money is moved into the investment account.

**Self-Directed:**

1. First, the member will dictate how much money they want transferred from their HSA account to their investment account.
2. Then they'll allocate a percentage of their funds into a curated fund lineup and confirm they want to open an account.
3. Once they confirm, the investment account is opened; at this point, the account holder is responsible for rebalancing their portfolio, if they choose.

**Brokerage:**

1. First, the member will confirm they want to open an investment account.
2. Once they confirm, the investment account is opened; at this point, they can search for stocks and ETFs available on the platform and buy full or fractional shares.
3. Once an account holder selects their desired path, the investment account is opened in real time and they can freely transfer money back and forth between their HSA cash account and HSA investment account.



### Are investment fees changing because of this new solution?



Yes. Current members are charged a monthly account fee (flat rate). In the new investment experience, they'll be charged an asset-based fee, which is 0.033% monthly, with a minimum charge of \$0.99/month and a maximum of \$10/month. This means that whether you have \$1,000 or \$100,000 invested, you'll never pay more than \$10/month in account fees. If a member chooses the Managed path, there is an additional 0.042% billed monthly. Members can expect to pay less in overall fees because the hidden expense ratio fees are considerably less.

#### Investment fee comparison chart

Average Investment Balance	Current HSA Investment Fee Structure			Upcoming HSA Investment Fee Structure		
	*Account Fees (\$2.50/mo)	**Expense Ratio (avg .029%/mo)	Total Monthly Fees	*Account Fees (.033%/mo)	**Expense Ratio (avg .005%/mo)	Total Monthly Fees
\$3,000	\$2.50	\$0.87	\$3.37	\$0.99	\$0.15	\$1.14
\$5,000	\$2.50	\$1.45	\$3.95	\$1.65	\$0.25	\$1.90
\$10,000	\$2.50	\$2.90	\$5.40	\$3.30	\$0.50	\$3.80
\$30,000	\$2.50	\$8.70	\$11.20	\$9.90	\$1.50	\$11.40
\$100,000	\$2.50	\$29.00	\$31.50	\$10.00	\$5.00	\$15.00

\* Monthly account fees are administrative investment fees deducted from your HSA cash account.

\*\* Expense ratios are the fees that the fund charges on the total assets it holds to pay for portfolio management, administration, and other costs. Investors do not see these fees on their HSA statements because the fund management company applies them in-house and they are included in the investment balance.



### Do members need to take any action to get started?



No. We'll complete steps for the member to liquidate investment funds to their HSA cash balance. However, once the new solution is available, members will need to initiate the transfer of funds from their cash balance to their chosen accounts.



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