



**Proposal Presented To**

**COMPANY**

**CONTACT  
ADDRESS  
PHONE**

**ON DATE, BY**

**PROVIDER NAME, AGENCY NAME  
ADDRESS, CITY STATE, ZIP  
PROVIDER PHONE PROVIDER NUMBER**

**RSD NAME, TASC REGIONAL SALES DIRECTOR  
RSD PHONE**

## WHY TASC?

TASC's commitment to your best interest sets us apart from our competition.

*Our commitment includes:*

**A long-term, value-oriented approach.** TASC is a family-owned business with roots in the rural Midwest. Since 1975, TASC has grown to a leading national third party benefits administration service company. Even with our size, we have never lost our genuine concern for our customers, employees, and representatives.



**A commitment to low operating expenses.** This keeps our fees low and makes our services affordable for employers excluded by other administrators.

**Experienced professionals.** We offer a level of customer service that is unparalleled in the industry. From the Small Business Resource Center to our exclusive Audit Guarantee, TASC stands behind its services and YOU.

**An endorsement of technology.** Utilization of emerging technologies like the internet has improved the efficiency and speed in which TASC delivers its services to the marketplace, while at the same time improving the ease-of-use for our Clients.

As we head into the future, you can count on TASC's growth and innovation to raise the level of its services to improve customer service and to increase customer satisfaction. It's a promise.

### TASC ALSO OFFERS

-  **COBRAToday**  
(COBRA Compliance Services)
-  **DirectPay**  
(Health Reimbursement Arrangement Plan)
-  **RetireRite**  
(401(k)s and SEP Plans)



Daniel N. Rashke  
Chief Executive Officer

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## **FLEXSYSTEM HSA PROPOSAL**

### **I. FLEXSYSTEM HEALTH SAVINGS ACCOUNT**

#### **What is a HSA?**

A HSA is established by an eligible individual to pay for future qualified medical expenses that are incurred by an eligible individual and any eligible dependents. It allows eligible individuals to put money aside pre-tax and then use these savings to pay for subsequent future qualified medical expenses. Contributions to the HSA may be made by the eligible individual, their employer, or both.

#### **Who is Eligible?**

An eligible individual is any individual covered under a qualified High Deductible Health Plan (HDHP), which is a health plan with an annual deductible of not less than \$1,100 for single coverage and not less than \$2,200 for self and family coverage (2008). A HDHP imposes certain requirements with respect to deductibles and out-of-pocket medical expenses. In any specific month, an “eligible individual” is any individual who:  
Is covered under a HDHP on the first day of said month.

If covered by an additional health plan, said plan must be a HDHP (with certain expectations for plans providing certain limited types of coverage)  
Is not enrolled in Medicare (generally, has not reached age 65)  
May not be claimed as a dependent on another person’s tax return.

#### **How Does a HSA Work?**

HSAs allow employers and employees to make tax-free payroll contributions to the HSA to pay for certain out-of-pocket medical expenses. By paying for these expenses on a pre-tax basis your employees increase their take-home pay with no cost to you. These funds are deposited into a selected financial institution custodial account. When a qualified expense is incurred, the employee simply requests reimbursement for the expense from the custodial account. This request can be handled in a variety of ways based on the specifics of said account. Customarily, methods such as check cards or checks are made available to Participants with this type of account.

## II. FLEXSYSTEM HSA BENEFITS

**With FlexSystem's HSA services, the employer receives the following benefits:**

- Create Tax Savings
- Control Medical Costs
- Reduce Health Insurance Premium Costs Simply by Offering a HDHP
- Provide Employees More Control Over Their Health Care
- Eliminate Employer Risk in the Reimbursement Process
- Web Services
  - View and modify Participant information
  - Claim Submission
  - Manage Payroll Verification Data
  - Account Review
- Plan Document and Summary Plan Descriptions
- Compliance Services for No Additional Fee
- Employee Assistance
- Enrollment Support



**With the TASC FlexSystem HSA your employees can:**

- Increase Their Take-Home Pay
- Grow Tax-Deductible Deposits Tax-Free
- Retain Account Deposits and Interest Regardless of Employment Status; HSAs are Portable
- Rollover Deposits from Year to Year; no Use-It-Or-Lose-It Rules Apply
- Eliminate the Need to Substantiate Reimbursement Requests Through a Third Party
- Increase Their Understanding of the True Costs of Health Care

### III. TASC BENEFITS

In addition to the specific benefits FlexSystem provides you and your employees, you will also enjoy additional value-added services as a Client of TASC, a national leader in third-party benefits administration.

#### **Small Business Resource Center**

This employee benefit education center provides a wealth of knowledge about benefit types, what they are, how they work, and which may work best for your specific situation.

#### **Recruiting and Retaining Quality Employees**

You are viewed in a positive light because you are providing a benefit package with the employee's interests in mind.

#### **Trained Staff and Technical Support**

As a TASC Client you will experience friendly and knowledgeable Customer Service Representatives. Clients are kept informed and up-to-date on all legislative and regulatory changes affecting their FlexSystem Plan.

#### **All-Inclusive Fees**

No additional fees for documents or reports.

#### **No Contractual Commitments**



### **PREMIUM SERVICES**

TASC's unique Premium Services Department staffs highly trained individuals who assist with requests for special services that would normally fall outside our standard service model. Some examples of these special services are: a dedicated account representative, special billing structures, special reporting needs, or short plan year management.

*(Premium Services fees may be in addition to those listed in this proposal.)*

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## IV. FLEXSYSTEM HSA PLAN TYPES

### HSA Products Overview

TASC offers three HSA Plan Types in conjunction with FlexSystem:

- Full Service
- Limited Service
- Plan Only

The TASC HSA Plan is sold only in conjunction with our Section 125 Cafeteria Plan: FlexSystem. Clients may select one of the three HSA features mentioned above as part of their FlexSystem Plan and as such provide an even more comprehensive benefit package for their employees.

Through FlexSystem, employer and employee alike also save on FICA, a saving not possible with a traditional HSA that is not part of a Section 125 Cafeteria Plan. The three HSA Plan Types are detailed below.

### Full Service HSA

With TASC's Full Service HSA, TASC handles everything the Client and Participant need to set up and use a HSA account. Each Participant completes a Full Service HSA Enrollment Form to provide all the information necessary to set up their custodial HSA account. Each Participant's individual HSA account will be set-up at our partner financial institution, M&I Bank FSB.

Once the accounts are open, the Client can begin sending the HSA contributions to TASC using our online Payroll Verification Report (PVR). TASC receives the funds from the Client and routes them electronically into each Participant's HSA account. Participants may view their HSA account online (including account balance and deposits) through the FlexSystem website ([www.tasconline.com](http://www.tasconline.com)).

Participants seek funds from their HSA account to pay for qualified medical expenses by requesting a transfer of funds from the HSA account into their personal checking or savings account. This can be accomplished using our online transfer tool that is available on the FlexSystem Participant website. The money is moved electronically as directed into the Participant's personal account.

In addition, a bank-issued Check Card is available with the Full Service option making paying for eligible expenses at the point-of-purchase easy.

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The Full Service HSA is our most complete and robust HSA service. Employers will find this Plan to be the most efficient way to offer HSA benefits to their employees.

### **Limited Service HSA**

With the Limited Service HSA, the Participant (employee) establishes their own separate HSA custodial account with a financial institution of their choice. Participants must make sure their chosen financial institution can accept ACH (automatic clearing house) electronic transfers of funds into the account.

After the custodial account is set up, the Participant enrolls in TASC's HSA. The Limited Service HSA Enrollment Form requires information such as the HSA account number, the bank's routing number, the Participant's Social Security Number, the amount being contributed from each payroll, and other Participant information. Any employer contribution is noted on the form as well.

The completed forms are returned to TASC and each HSA Participant is set up in our system. With each payroll the Client forwards the HSA contributions to TASC using our online Payroll Verification Report (PVR). TASC then electronically routes the appropriate funds into each Participant's HSA account. TASC's administration under the Limited Service HSA is complete.

The Participant works directly with the elected financial institution to maintain the HSA account, and said institution manages reimbursement, account balance, and so on. By directing the funds movement for each payroll period, the Limited Service HSA frees the client of most of the administrative work load.

### **Plan Only HSA**

In the Plan Only HSA the Client purchases HSA Plan compliance through TASC, and TASC maintains the Plan Document required by the IRS so the HSA is fully-funded with pre-tax (including FICA) contributions. The Client in turn chooses a financial institution of their choice, handling the Plan's funds management and other administrative elements.

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## V. FLEXSYSTEM HSA PLAN SERVICES

### A. PLAN IMPLEMENTATION

A simple Setup Kit helps you establish your FlexSystem HSA Plan within days. Once your application has been received and processed you will receive communications from FlexSystem to assist in quickly establishing your HSA Plan.

Examples of the FlexSystem HSA materials that you receive include:

- FlexSystem HSA Client Portfolio
- FlexSystem HSA Enrollment Forms
- FlexSystem HSA M&I Bank FSB Account Forms (Full Service Plan only)
- FlexSystem HSA Participant Guides

### B. PLAN MANAGEMENT

#### 1. Plan Funding

A Participant's HSA Plan is completely funded by his or her salary\*. This funding (the amount deducted from the Participant's salary to pay for Expenses) is called an **election**. Because expenses are paid with pre-tax dollars, employees are taxed on a lower gross salary, thereby saving money that would otherwise be spent on federal, state and FICA taxes. Employers deduct the HSA-elected amounts from each Participant's payroll pre-tax and deposit the withholding amounts into the Participants HSA account. These funds in maintained in an account until the Participant requests reimbursement.

\* In some instances the employer or other individuals may fund the account as well.

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## 2. Reimbursements

A Participant can request reimbursement for a qualified expense at any time. The service related to the expense need only to have taken place; it need not be paid before requesting reimbursement. Participants have several options to submit a Request for Reimbursement:

**1) Check Card and/or Paper Checks** (Full Service Plan only). M&I Bank FSB will issue you a bank card and paper checks (at your request for an additional fee) to facilitate the payment of eligible HSA expenses.

**2) Online.** You may make Requests for Reimbursement online at [www.tasconline.com](http://www.tasconline.com).

**3) Manual.** You may make Requests for Reimbursement using the HSA Account Transfer Request paper form. This form authorizes your HSA Account financial institution to transfer money from your HSA account to your personal bank account.

## 3. Full Reporting of Accounts

Clients have access to TASC's website 24/7 where Plan design, request for reimbursement, funding and account information can be accessed. In addition, FlexSystem provides easy-to-understand account reports that allow Clients to monitor their FlexSystem HSA activities.

Should Participants have additional questions regarding their FlexSystem HSA Plan they are encouraged to contact FlexSystem to access a specially trained Customer Service staff dedicated to assist FlexSystem HSA Participants with account information.

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## VI. FLEXSYSTEM HSA COMPLIANCE SERVICES

Keeping Health Savings Accounts compliant is an important job and FlexSystem takes the responsibility very seriously. There are forms to be completed and time requirements to be met. FlexSystem takes that burden off our Clients and provides you with the peace-of-mind that your HSA administration is in complete compliance with all Federal rules and regulations.

All Clients receive a **Summary Plan Description** (SPD), and should review and distribute copies to each Participant. Another important component of being compliant with the Internal Revenue Service is Non-Discrimination and Comparability Testing. FlexSystem performs the testing annually.

**Our compliance service includes for *no additional fee*:**

- Plan Design Consultation and Review
- Plan Document
- Non-Discrimination/Comparability Testing
- Summary Plan Descriptions
- Form 5500 Preparation
- Audit Guarantee

## VII. SUPPORT

FlexSystem assistance is available to Clients and Participants **toll-free** (from 8:00 to 5:00) to address questions regarding Plan compliance, FlexSystem HSA election and enrollment procedures, account balances and technical support or questions relevant to FlexSystem.

- Phone: 1-800-422-4661 (Automated Voice Response System)
- Fax: 608-245-3623
- Email: [service@tasconline.com](mailto:service@tasconline.com)

FlexSystem also distributes “For Your Benefit,” a bi-annual newsletter that includes Plan updates, a calendar of important dates, educates about other TASC Plans and offers guidance for managing and developing business.

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## VIII. COST PROPOSAL

### Full Service HSA Plan

#### A. Enrollment Fee\*

**One-time only Enrollment Fee of \$300 per eligible employee\*\***

*Includes:*

- Establishment of Your Plan(s) on FlexSystem's Specialized Software
- Employee Assistance, Enrollment Support, and Communication Kits
- Online and Toll Free Support
- Plan Documents/Summary Plan Descriptions
- Complete Administrative Assistance
- Direct Deposit Set-up

#### B. Administration Fee\*

**\$4.50** per participating employee per \_\_\_\_\_, with a minimum of \$ \_\_\_\_\_ per \_\_\_\_\_.

This fee is based on the number of employees actually participating in the HSA. The administration fee is due for the full plan year for each employee who elects to participate, regardless of his or her employment status.

*FlexSystem HSA Administration Includes:*

- Adding/Changing/Terminating Employees
- Online Claim Submission and Account Review
- Online and Toll Free Support
- Daily Claims Processing and Reimbursement
- Annual Non-discrimination/Comparability Testing and IRS Form 5500 Filing (if required)
- Newsletters & Technical Bulletins
- Client Audit Guarantee

\* These fees are in addition to the enrollment and administration fees charged for the FlexSystem FSA or POP Plan.

\*\* An additional fee may be charged for multiple payroll locations. There will be a one-time enrollment fee of \$15 for employees who become eligible to participate after the initial enrollment.

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**Limited Service HSA Plan****C. Enrollment Fee\*****One-time only Enrollment Fee of \$300 per eligible employee\*\****Includes:*

- Establishment of Your Plan(s) on FlexSystem's Specialized Software
- Employee Assistance and Communication Kits
- Online and Toll Free Support
- Plan Documents/Summary Plan Descriptions
- Complete Administrative Assistance
- Direct Deposit Set-up

**D. Administration Fee\*****\$1.00** per participating employee per \_\_\_\_\_, with a minimum of \$ \_\_\_\_\_ per \_\_\_\_\_.

This fee is based on the number of employees actually participating in the HSA. The administration fee is due for the full plan year for each employee who elects to participate, regardless of his or her employment status.

*FlexSystem HSA Administration Includes:*

- Adding/Changing/Terminating Employees
- Online and Toll Free Support
- Annual Non-discrimination/Comparability Testing and IRS Form 5500 Filing (if required)
- Newsletters & Technical Bulletins
- Client Audit Guarantee

\* These fees are in addition to the enrollment and administration fees charged for the FlexSystem FSA or POP Plan.

\*\* An additional fee may be charged for multiple payroll locations. There will be a one-time enrollment fee of \$15 for employees who become eligible to participate after the initial enrollment.

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**Plan Only HSA Plan****E. Enrollment Fee\******One-time only Enrollment Fee of \$300 per eligible employee\*\*****Includes:*

- Establishment of Your Plan(s) on FlexSystem's Specialized Software
- Plan Documents/Summary Plan Descriptions
- Toll Free Support

\* These fees are in addition to the enrollment and administration fees charged for the FlexSystem FSA or POP Plan.

\*\* An additional fee may be charged for multiple payroll locations. There will be a one-time enrollment fee of \$15 for employees who become eligible to participate after the initial enrollment.