



Sycamore Township

Health Savings Account - Employer Match Policy*

Sycamore Township values the health and well-being of our employees. The Township must also be cognizant of the rising cost of health insurance, which is why the Group Health Plan offers the high deductible health plan (HDHP) with a Health Savings Account (HSA) to cover qualified medical expenses. It is our goal that all members of the plan commit to contributing to their HSA so that they never hesitate to seek medical care due to cost concerns. To encourage employees to contribute to their HSA, Sycamore Township offers matching contributions up to 50% of the deductible for the employee's HDHP option and tier level.

Employer Matching Options:

Option 1: Up-front Contribution

In this option, an employee will make a lump sum contribution to their HSA at the beginning of the plan year or upon their enrollment in the HDHP. The employee must provide Sycamore Township with proof of the deposit into the account. The Township will then issue a check (made payable to the financial institution in which the health savings account is held) at the next available Trustee Meeting in an amount matching the employee's contribution up to 50% of that employee's deductible.

Option 2: Pre-Tax Payroll Contributions

This option allows employees to contribute to the HSA through pre-tax payroll direct deposits, which will be matched per pay period by the Township. The Township will continue to match the payroll direct deposits until the cumulative employer contribution reaches an amount equal to 50% of that employee's deductible. Requests by employees to begin or change HSA direct deposits must be made in writing and given to the HR Manager at least two weeks prior to the pay period end date in which the employee wishes to begin the direct deposit.

Option 3: Hybrid Contributions

The hybrid approach allows employees to contribute a lump sum at the beginning of the year (or upon enrollment) in an amount less than 50% of their deductible, which will be

matched up front by the Township. The employee then continues contributing to the HSA through pre-tax payroll direct deposits, which will be matched per pay period by the Township until 50% of the deductible limit is met.

Pro-Rated Match for New Employees:

New employees hired after the first month of the year are eligible for the employer match on a pro-rated basis dependent on how many months remain in the calendar year. In this case, the portion of the deductible that the Township will match will be divided by 12 and multiplied by the number of months the employee will be employed with the Township in the first calendar year.

For example, a new employee hired in April and enrolled in the HDHP at the family tier level that same month would be employed with the Township for nine months of that calendar year. The new employee would thus be eligible for an employer match of up to 9/12 of one-half of their deductible:

The family tier deductible is \$6000. Half of that is \$3000. \$3000 divided by 12 is \$250; multiplied by the nine months the employee will work that calendar year is \$2,250. Therefore, the Township would match the employee's deposit into the Health Savings account up to \$2,250.

**Sycamore Township's employer match contributions to employees' health savings accounts are made through the Township's Section 125 plan, which requires comparable contributions such as an equal percentage of the HDHP's deductible. The combined total of the employee and employer contributions to the HSA in either option may not exceed the IRS annual limit.*