

HR Brief

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Brown & Brown Benefit Advisors

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Educate Employees on the Value of HSAs

Health savings accounts (HSAs) offer many valuable benefits to participants. However, many employees do not fully understand how HSAs work and may be missing out. In fact, it is estimated by the Flexible Benefit Service Corporation that 40-50 percent of HSA-eligible individuals do not have an HSA.

One reason for the underutilization of HSAs may be that employees do not understand the value that HSAs offer. In addition, some may assume that HSAs are the same as flexible spending arrangements (FSAs), except that they are tied to a plan with a higher deductible.

Employers that want to change this perception of HSAs can show employees the value that these accounts have.

For example, while FSAs and HSAs have similarities, there are also many differences. One major difference is that HSAs are owned by the individual, and are portable. An individual does not lose his or her HSA

when leaving employment. In addition, there is no “use it or lose it” provision that FSAs require. An individual’s HSA dollars continue to roll over from year to year (and may even accrue interest).

Also, while there are strict rules regarding an individual’s eligibility to make tax-free contributions to an HSA, once the funds are in the HSA, they can be used for qualified medical expenses tax-free at any time after the HSA is established. This is true even if, at the time of the HSA distribution, the individual is not considered “HSA-eligible.”

To increase employee participation in HSAs, employers should try to demonstrate the real dollar value that HSAs can provide. This could involve demonstrating the tax advantages/savings associated with contributing the maximum dollar amount to the HSA. After all, HSAs provide a triple-tax advantage:

1. Contributions to an HSA are tax-free;
2. Interest/investment earnings on the HSA are tax-free; and
3. Distributions from the HSA for qualified medical expenses are also tax-free.

In addition, consider showing employees how HSA contributions can cover the high deductible that is required to be met under the plan.

If the employer provides a matching contribution to employee HSAs, be sure employees understand how much they need to contribute to obtain the full match from the employer.

DID YOU KNOW?

It is anticipated that by the year 2050, there will be over 1 million people in the United States who will be 100 years old or older. Currently, there are approximately 72,000 people in the United States who are in that age range. If these projections are accurate, this is more than an interesting fact; it may have real workforce implications.

For example, longer life expectancies will certainly require re-examination of the retirement age and financial retirement planning. Extending the number of working years may also require individuals to pursue multiple careers in different areas during their lifetimes.

English-only Policies in the Workplace

There is no doubt that in order for business to be conducted efficiently, workers must be able to communicate with each other. To avoid issues, some employers may decide to implement a workplace policy that requires all workers to speak English at all times. However, implementing such a blanket policy on employee communication is likely unlawful.

According to the Equal Employment Opportunity Commission (EEOC) [regulation](#) on English-only rules, requiring employees to speak only English in the workplace is a “burdensome term and condition of employment.” Such a rule will violate the law, unless the employer can show that the rule is justified by business necessity. The EEOC does provide [guidance](#) on when an English-only policy may be considered justified by business necessity.

An English-only rule must be adopted for nondiscriminatory reasons only. For example, a policy prohibiting some, but not all, of the foreign languages spoken in a workplace, such as a no-Spanish rule, would be unlawful. The Department of Labor provides [best practices for employers](#) that are considering an English-only policy in the workplace.