

Fidelity HSA[®] Implementation Guide

Table of contents

- 01 Overview
- 02 Understanding the required types of data
- 03 Step 1: HSA program setup
- 04 Step 2: Submit your enrollment data file
- 05 Preparing for your first contribution cycle
- 06 Step 3: Submit your contribution data file
- 07 Tips for ongoing administration



OVERVIEW

This guide is designed to provide you with an overview of the Fidelity Investments® health savings account (Fidelity HSA®) implementation process.

It covers the key steps involved in implementation, as well as planning considerations and resources to help educate your employees and transition them to the Fidelity HSA®.

Review this guide in its entirety to understand what to expect during the implementation process, the types of data you'll need to provide to Fidelity, and how the employee experience will come to life throughout the process.



The 3-step process

The Fidelity HSA implementation process includes 3 key administrative steps.

Step 1: HSA program setup

Data collected in this step allows us to set up your HSA program's online experience.

Step 2: Submit your enrollment data file

In this step, you're letting Fidelity know which employees are enrolled in an HSA-eligible health plan and are eligible to contribute to an HSA.

Step 3: Submit your contribution data file

The data submitted in this step provides the amount and source of the contributions flowing into the Fidelity HSA account.



As you move through each step of the process, you may receive reminder emails to help ensure the necessary data is being provided to Fidelity in a timely manner to support the launch of your HSA program.

UNDERSTANDING THE REQUIRED TYPES OF DATA

There are various types of data you will need to provide to Fidelity to support the setup and ongoing administration of your HSA program.

Below is a summary of the main types and the role they each play in the implementation process.



Program setup data

Refer to the [HSA Program Setup Checklist](#), which outlines the types of information you will need to provide to Fidelity for program setup. You can begin to collect this data to help expedite Step 1 of the implementation process.

Participant data

Participant data, also called indicative data, is used to tell Fidelity who each participant is and includes information such as Social Security number, name, and date of birth.

- If you provide your defined contribution (DC) plan participant data to Fidelity using a Plan Sponsor WebStation® (PSW®) template or an electronic data transmission (EDT) file, employees in an eligible employment status will automatically have their data copied to the HSA program, and no further action is needed.
- If you manually add DC plan participant data, you will need to add HSA participant data as well. To get started, click [here](#). If you need assistance, you can contact the Client Service Administration (CSA) team at 833-349-6757. Enter your HSA program number and select option 1.

Enrollment data

Enrollment data is used to tell Fidelity who enrolled in an HSA-eligible health plan and is therefore eligible to contribute to an HSA.

This record also tells Fidelity whether your organization or your HSA account holders should be billed for the administration fee (billed quarterly).

Enrollment data typically comes from your internal benefits system or third-party health and welfare benefits recordkeeper, if applicable.

Contribution data

Contribution data tells Fidelity the amount and source of the contributions flowing into the Fidelity HSA account.

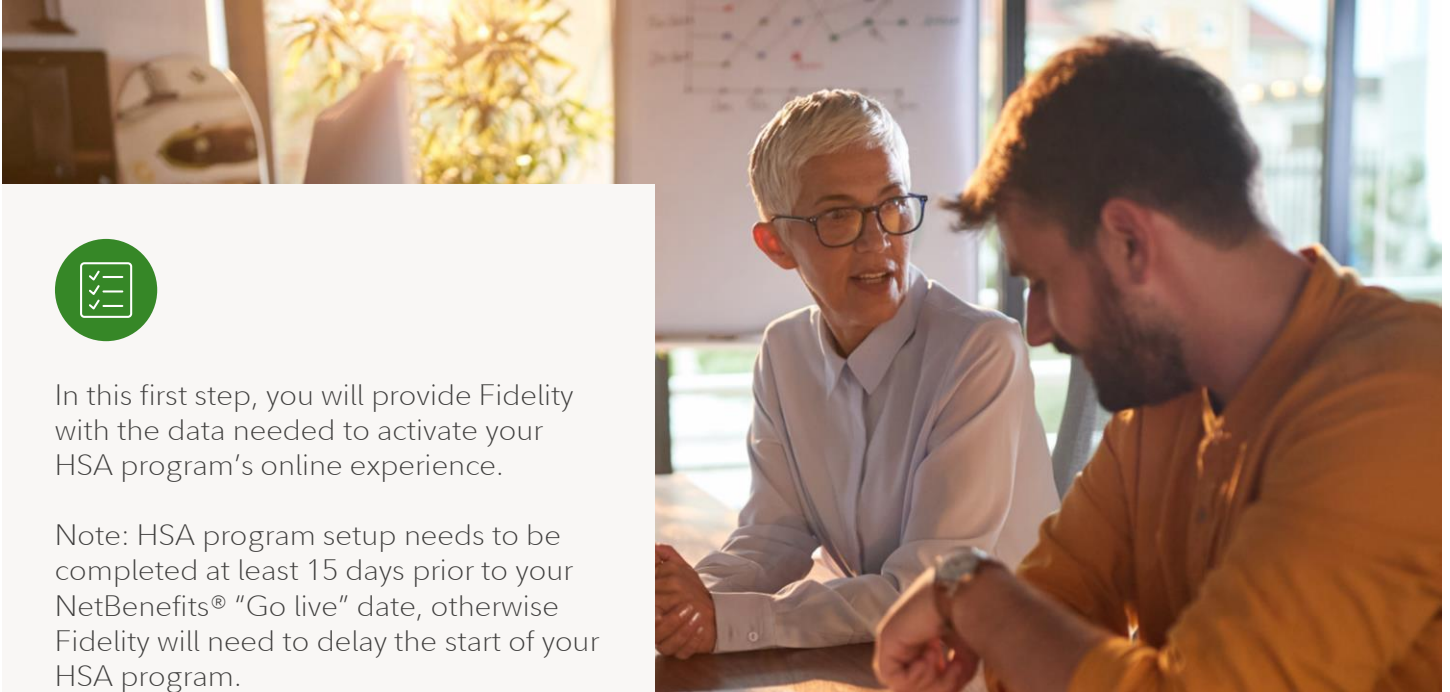
This can include employee as well as employer dollars.

Contribution data, also known as 19H, typically comes from your payroll system or third-party payroll provider, if applicable.

As part of your HSA program, all participant and contribution data that is sent to Fidelity is checked and compared against the data in our system for potential conflicts to help ensure operational quality control.



STEP 1: HSA PROGRAM SETUP



In this first step, you will provide Fidelity with the data needed to activate your HSA program's online experience.

Note: HSA program setup needs to be completed at least 15 days prior to your NetBenefits® "Go live" date, otherwise Fidelity will need to delay the start of your HSA program.

Overview

Review the [HSA Program Setup Checklist](#), which explains the data you will need to provide in this step and how it will inform your employees' HSA experience. When you're ready, head to the [HSA Guided Setup Portal](#) to get started with HSA program setup.

The employee experience

The information you provide in Step 1 also informs your "Go live" date. The "Go live" date is when NetBenefits becomes available to your employees, and when the Fidelity HSA Service Center also becomes available to answer employee HSA questions. Employees will be able to log in to NetBenefits using their existing credentials to access HSA educational information or open an HSA account.

Employee communications planning

This is an ideal time to educate your employees about HSA-eligible health plans and HSAs. Visit the [Pre-Annual Enrollment HSA Toolkit](#) page for resources you can leverage.

For a broader view of the communication and educational resources Fidelity offers to support employees throughout the phases of their HSA journey, visit the [Fidelity HSA Employee Engagement and Education](#) page on PSW.

STEP 2: SUBMIT YOUR ENROLLMENT DATA FILE

Overview

Once you've completed Step 1 – HSA program setup, you're ready to provide Fidelity with your enrollment record, also known as the HS record.

This file is used to tell Fidelity who enrolled in the HSA-eligible health plan and is eligible to contribute to an HSA, as well as whether your organization or your HSA account holders should be billed for the administrative fee (billed quarterly).



Visit the [HSA Guided Setup Portal](#) to get started with this step.

The employee experience

Submitting your enrollment records will trigger a Fidelity communication to HSA-eligible employees that directs them to NetBenefits to open or activate an HSA. You can learn more about Fidelity's "Reminder to open HSA" triggered communication [here](#).



Since HSAs are individual accounts maintained under Fidelity's Personal Investing platform, the individual employee must establish an account to provide the required Patriot Act details.

Employee communications planning

Now is also a good time to let your employees know that your organization is transitioning to the Fidelity HSA.



PREPARING FOR YOUR FIRST CONTRIBUTION CYCLE

Overview

In the next step of the implementation process, contributions will only be able to be accepted for employees with an opened account that is in good order.

Therefore, it is important that HSA-eligible employees who want to open an HSA complete the account opening process in a timely manner. At this time, you'll also want to ensure you've determined your funding method for contributions.

How to confirm HSA account status

You can confirm employee account status using the Full Population Report in PSW Reporting. From the Report's Summary view, select the "Participant Details" option and "Apply." This will provide an employee-level breakdown of enrollment and account status. The account is ready to receive contributions if:

- ✓ HSA Status = A
- ✓ HSA Effective Date = a date prior to contribution submission
- ✓ Ready for Funding = Ready for Funding

Determine your funding method for contributions

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| Fedwire | <ul style="list-style-type: none"> • This option requires you to initiate the Fedwire. Transactions are processed the same day if they are received before market close. Funding is visible on the next business day following funding. Fedwire can be used with no additional setup. |
| ACH wire | <ul style="list-style-type: none"> • This option requires you to instruct your bank to send funds to Fidelity, which takes 2 days to process. Funding is visible on the next business day following funding. ACH wire can be used with no additional setup. |
| Auto-debit (preferred) | <ul style="list-style-type: none"> • Auto-debit allows Fidelity to pull funds from your bank account. This option takes 2 days to process and requires setup in PSW (even if you already use auto-debit for DC plan contributions). Funding is visible on the next business day following funding. • Setup should be done at least 10 business days prior to expected use, as a pre-note period will apply to confirm account details. Auto-debit accounts can be added, and also modified at a later time, on PSW under Administer Plans and Set HSA Funding Options. • If you selected auto-debit as your funding method in Step 1 of implementation, ensure that you've followed the instructions provided on how to set up this option. |

STEP 3: SUBMIT YOUR CONTRIBUTION DATA FILE

Overview

The contribution data file tells Fidelity the amount and source of the contributions flowing into the Fidelity HSA account. This can include employee and employer dollars.

Contribution records can only be accepted for employees with an opened account that is in good order. Refer to the [Contribution File Process Job Aid](#) for further guidance.

Your implementation is considered complete once your first contribution file has been accepted and successfully processed.

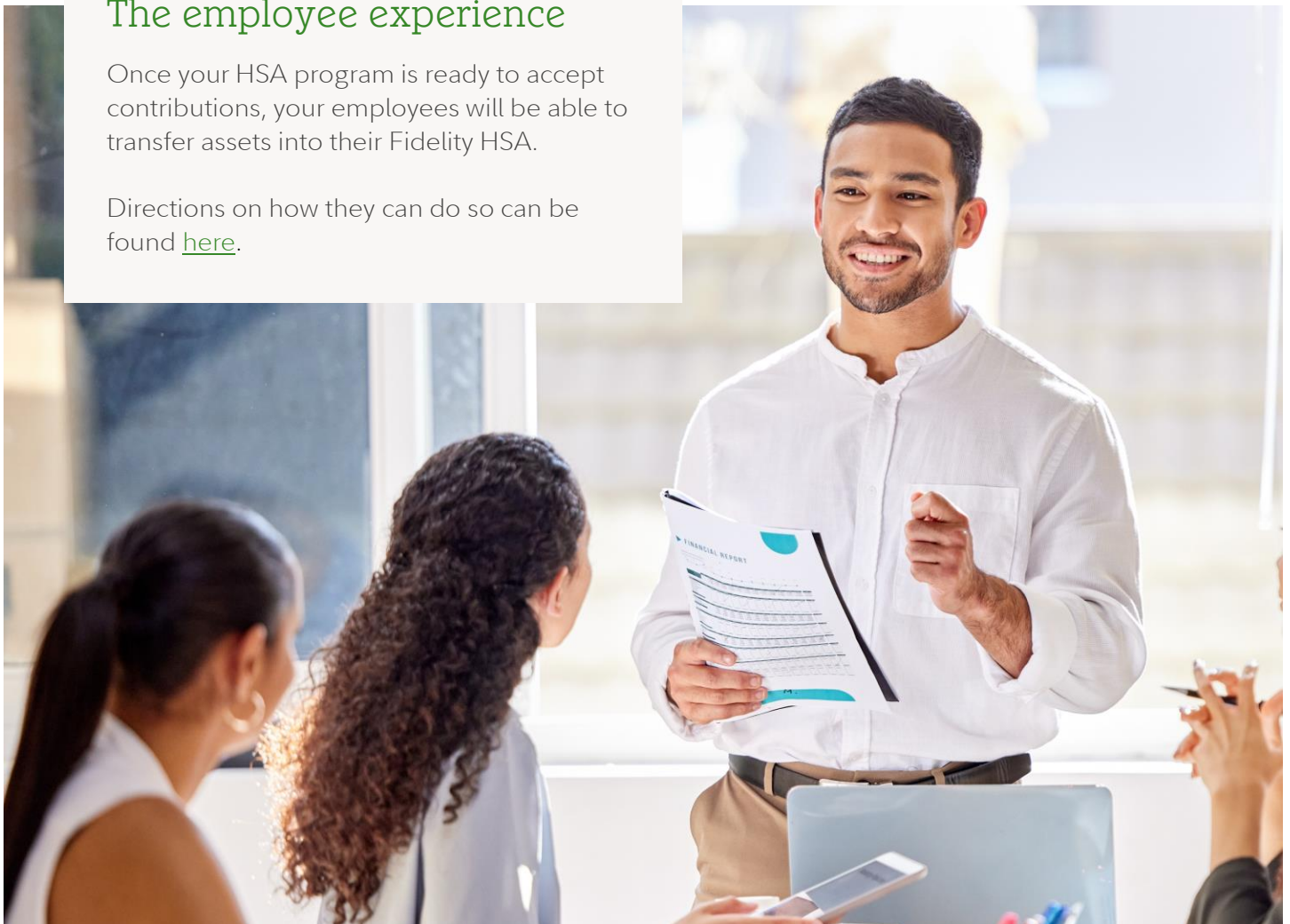


Get started in the [HSA Guided Setup Portal](#) or on PSW.

The employee experience

Once your HSA program is ready to accept contributions, your employees will be able to transfer assets into their Fidelity HSA.

Directions on how they can do so can be found [here](#).



TIPS FOR ONGOING ADMINISTRATION

Overview

Once you've completed your HSA implementation, we encourage you to take advantage of the [HSA Employer Resource Center](#) on PSW, which has a robust set of tutorials, trainings, and resources to assist you with ongoing HSA administration.

Below are key responsibilities to be aware of that help ensure your Fidelity HSA program is being administered effectively and providing the best experience for your employees, along with guidance for more routine administrative tasks.

| Timing | Important responsibilities for program administrators |
|-----------------------------------|---|
| <p>Prior to annual enrollment</p> | <p>Educate employees about HSA-eligible health plans and HSAs.</p> <p>Visit the Pre-Annual Enrollment HSA Toolkit page to access employee communications and educational resources to leverage.</p> |
| <p>Year-end activities</p> | <p>Update program information</p> <p>Fidelity gives clients the opportunity to provide us with updated information, such as annual enrollment dates or any changes to health plans offered, limits, contributions, etc., via the Annual HSA Questionnaire. This information helps us offer your employees an informed and comprehensive Fidelity HSA experience.</p> <p>Provide a full enrollment file, including:</p> <ol style="list-style-type: none"> 1. The active enrollment record for anyone who enrolled in the HSA-eligible health plan for the new year and is therefore eligible to make HSA contributions 2. The inactive enrollment record for anyone who is opting out of the HSA-eligible health plan for the new year and is therefore not eligible to make HSA contributions <p>Also, make sure the Client Billing Indicator is correctly updated, as this determines whom Fidelity bills for HSA administration fees.</p> <ul style="list-style-type: none"> ✓ If the employer is going to pay the HSA administration fee, the indicator should be set to "Y." ✓ If the employee is going to pay the HSA administration fee, the indicator should be set to "N." |

Administrative guidance for ongoing activities

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| <p>Providing information for new hires</p> | <p>Fidelity needs to receive HSA eligibility information for any new hire enrolled in an HSA-eligible health plan.</p> <p>To provide this direction to Fidelity, ensure the participant data (also referred to as indicative data) is in place for the new hire, then submit an enrollment record for them.</p> <p>This will trigger a Fidelity communication that directs them to NetBenefits to open or activate a Fidelity HSA account.</p> |
| <p>Confirming employee enrollment in the HSA</p> | <p>Two actions are required by employees to enroll:</p> <ul style="list-style-type: none"> • They must be enrolled in an HSA-eligible health plan through their benefit provider, and they must also have successfully completed the Fidelity HSA account opening process. • The individual employee must establish an account to provide the required Patriot Act details. <p>To open an account, the employee can log in to Fidelity NetBenefits at NetBenefits.com or 401k.com and select "Open an HSA" next to Health Savings Account.</p> <p>The Full Population Report can be used to view enrollment record and account opening details.</p> |
| <p>HSA account with "Not Ready For Funding" status</p> | <p>At Fidelity, HSAs are brokerage accounts and owned by the individual account holder or employee. Fidelity cannot provide any information to the employer as to why the account is listed as Not Ready For Funding.</p> <p>If the account is Not Ready For Funding, the employee likely failed the required verification process, or Customer Identification Program (CIP). Fidelity may have been unable to validate SSN, legal residential address, date of birth, or other key information. In the event this happens, Fidelity communicates directly with the employee to request the additional documentation needed to resolve the CIP failure. It's important to encourage the employee to contact Fidelity directly to discuss this matter.</p> <p>As a client, you can use the Account Status or Full Population Report to monitor the ongoing account status for employees.</p> |

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| <p>Employee account details</p> | <p>HSA's are individual accounts maintained under Fidelity's Personal Investing platform.</p> <p>Fidelity cannot discuss the following topics due to privacy regulations as outlined in the Gramm-Leach-Bliley Act:</p> <ul style="list-style-type: none"> • Distributions made or lack thereof • Investments • Account balance • Transactions initiated outside of payroll • The Full Population Report can be used to verify if and when the employee has opened the account |
| <p>Updating information for terminated employees</p> | <p>Two actions are required to provide Fidelity with updated information when an employee who has been participating in the HSA terminates:</p> <ul style="list-style-type: none"> • In the HSA enrollment data file, the terminated employee's status should be updated from "active" to "inactive" to indicate the employee is no longer enrolled in your HSA-eligible health plan. Note: The employee's account will remain open, and they can continue to contribute on their own if they remain eligible. • Their employment status should also be updated to "terminated" in the participant data file. If you manually update your participant data, this can be manually updated in PSW. |
| <p>Reversing an HSA account contribution</p> | <p>HSA reversal requests can be made on PSW by submitting a service request. You can find the process via PSW > Work With Fidelity > Open a New Service Request > General Service Request > HSA: Deposit Error Reversal.</p> |

For plan sponsor use only.

The information provided in this brochure is general in nature. It is not intended, nor should it be construed, as legal or tax advice. The information and examples provided throughout are not all-inclusive and may be subject to change. We encourage you to review information in IRS Publications 502 and 969 online at www.irs.gov, or you can call IRS Forms and Publications at 800-829-3676 to request a copy of each. Also, because the administration of an HSA is a taxpayer responsibility, account holders are responsible for the tax consequences of distributions from their HSA and may want to consult a tax professional if they need specific tax advice .

Investing involves risk, including risk of loss.

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