

Demystifying HSA INVESTMENT FEES

Health savings accounts (HSAs), can be a great long-term investment. Exorbitant and often hidden fees can significantly erode earnings in the long-term. By integrating our highly regarded HSA solution with an intuitive and engaging investment platform (purpose built for your HSA), employers will effortlessly drive health saving contributions and market investments. At HealthEquity we believe that it is important that every investor know and understand the total cost of ownership as they consider participating in the investment options in their HSA.

We pride ourselves on being both a low-cost and high-fund-quality leader in the HSA marketplace. The following information shows how HealthEquity maintains a low-cost approach to investing:

Fund Expense Ratio:

A fee withheld by the mutual fund company to cover their costs. The average fee for all funds available to HealthEquity members is: 0.09% or 9 basis points annually.

For every \$1,000 invested, the fee is **90¢ PER YEAR**

Investment Admin Fee:¹

Asset-based fee that covers investment administration roles and responsibilities. HealthEquity charges 0.03% per month on the average daily invested balance (0.36% per year) with a \$10.00 monthly fee cap.

HOW WE EARN THE INVESTMENT ADMIN FEE:

- Maintain trading platform
- Execute trades through broker/dealer
- Reconcile trades to accounts
- Qualified custodian responsibilities
- Investment accounting and recordkeeping
- Audit and tax and regulatory services
- Monthly statements
- Engage investment fiduciary service providers
- 24/7 support

Fee items NOT charged through HealthEquity but commonly charged through other HSA administrators:

Platform fee: A fee, typically charged by the administrator to gain access to a third party's investment management platform. This multi-party approach is expensive, costing accountholders as much as \$36 per year.

Transaction fee: A fee incurred on the transaction (buy or sell) of a mutual fund.

Short-term redemption fees: A fee charged for not holding a fund long enough.

Mutual fund commissions: Typically an asset-based sales charge from the investment company upon buying or selling the fund.

Revenue sharing: A hidden fee paid from mutual funds to administrators, brokers and others. These costs may constitute a conflict of interest depending on how they are managed. HealthEquity does not accept revenue sharing. These costs can increase the fund expense ratio by as much as 100 basis points.²

Proprietary funds: Mutual funds created and managed by the administrator that could cost more and return less.

Mutual fund minimums: Many mutual funds require minimums before accountholders can buy them.



Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

¹ The Investment Admin fee at HealthEquity covers certain investment services, including: (i) Maintaining trading platform, (ii) Executing trades through Charles Schwab, our broker-dealer, (iii) Reconciling trades to accounts, (iv) Investment recordkeeping and accounting, (v) Tax and audit services, (vi) Debit card for ease of payment at point of sale, (vii) Monthly statements, (viii) Access to mobile and online portals for tools and resources and finally (ix) 24/7/365 customer support.

² Source: Morningstar glossary, http://www.morningstar.com/InvGlossary/12b-1_fee.aspx
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