PAYFLEX®

Customer Identification Process (CIP)

When an employee is enrolled in the Health Savings Account, we need to confirm some of their information. As an HSA custodian, PayFlex is obligated to vet the individual's full name, residential address, birth date and Social Security number. This is required under Section 326 of the USA PATRIOT Act. Under this requirement, any person opening a bank account, including an HSA, must first be vetted through CIP before an account can be allowed to open. It's also known as the Customer Identification Process (CIP).

What happens if the employee doesn't pass CIP?
If an employee doesn't pass CIP, PayFlex will mark their opening status as "Pending". PayFlex will send the employee a letter within three business days of receiving their demographic information on an eligibility file submitted by their employer. The letter will explain the CIP issue and request the documentation needed for PayFlex to confirm their identity and/or address.

- If the employee does not respond within 30 days, PayFlex will send a second letter.
- If they don't respond within 30 days of the second letter, PayFlex will send a third and final letter.
- If the employee doesn't respond after 90 days, the HSA is considered unresolved. No additional letters will be sent, and any future payroll contributions will be rejected.

Reasons why an employee may be required to send documentation
PayFlex's verification process uses a database to compare existing information for an individual against information provided to PayFlex on the eligibility file. If the information doesn't match, we ask for documentation to verify the individual. Some of the reasons that documentation is required may include:

- o Incorrect data submitted (name, address, Social Security number, birth date)
- o First and last name reversed on the eligibility file
- o Recent change in name or address
- o PO box submitted as the residential address

Tips to pass CIP
For faster account verification, always provide the most accurate and current information when submitting employee information to PayFlex.

- Use current residential address, not a PO box or a non-U.S. address*.
    - If a PO Box is used for mailing purposes, you should use the fields on the file specific for mailing address. Residential address should always be included in the fields specific to residential address.
    - *In the situation that an employee resides outside the U.S. but is on U.S. payroll and benefits, the employee's foreign address should be submitted to PayFlex. The employee will however fail vetting. The Employer should provide their PayFlex Account Manager with I9 documentation for any employee residing outside of the U.S., in order for the account to be further reviewed.
- Employee must be at least 18 years old.
- Use full legal name.
- Don't use an employee's nickname (for example, "Becky" for "Rebecca").
- Don't use the Americanized version of the employee's name (for example, "Sue Young" rather than "Soon Yong").
- Don't use a different spelling of the employee's name (for example, "Caren" for "Karen" or "Marie Delacruz" instead of "Marie De La Cruz").
- Use the employee's correct Social Security number.
    - If an SSN needs to be corrected, the employer should contact their PayFlex Account Manager to request the change. Do not update via a future PayFlex eligibility file.

Funding and CIP
An employer may send contributions to PayFlex while an employee is working to resolve their account verification. Contributions are held ("queued") for pending accounts but funds won't be available to the member until the account opens. If, after 90 days from the first queued contribution, the employee doesn't pass the CIP and the account doesn't

open, we'll reverse the queued contributions. With this, we'll return the funds to the bank account that we have on file for you. If you initiate funding to PayFlex ("push" funding), we'll return the funds to your cash balance.

How is the employer notified of accounts that require additional verification?
The PayFlex Employer Portal includes reports that review employee account status.

- **Daily Account Status Report-** employee demographic information and status of the HSA for each employee. Created daily, Monday to Friday.
    - Employer portal => Completed Reports (left side of screen)=> Select Daily Account Status from the drop-down menu.
- **Status Report**- employee list with account status (Pending, Open, Closed). Use report to keep track of pending accounts, and those open or closed. This is an on-demand report.
    - **Go to left side of screen, select Create Reports**. Select **Status Report** from the drop-down menu. When the report is available, we will send an email to the individual who requested the on-demand report. The completed report is housed under View Completed Reports within the employer's portal.
- **Failed Account Verification Report-** This report shows those employees who failed the CIP. This also includes the date(s) we sent verification letters and the number of days a verification request has been outstanding. This is an on-demand report.
    - **Go to left side of screen, select Create Reports**. Select **Failed Account Verification Report** from the drop-down menu. When the report is available, we will send an email to the individual who requested the on-demand report. The completed report is housed under View Completed Reports within the employer's portal.

How can the employer help?

- View reports on the PayFlex employer portal
- Read and take action on emails received from PayFlex and the employer's Account Manager
- Make sure that correct, up to date member information is sent to PayFlex.
    - When an employee updates an address, make sure to update the information on the files that are sent to PayFlex
- Remind employees of their failed vetting status.
    - Some of the consequences of not submitting documentation include;
        - Account is not open or opening is delayed; delaying when funds can be posted to the HSA
        - Contributions could be returned back to the employer; delaying funding to post to the HSA
- Share with their employees as to how to submit requested documents (mail, fax, or email)

Mail: PayFlex Systems USA, Inc
HSA Operations
PO Box 3317
Carol Stream, IL 60132-3317

Fax: 402-943-1567
Email: hsacip@payflex.com