



HSA INVESTMENTS FAQ

FAQs--Prior to Opening an HSA Investment

1. How do I qualify for the investment account?

To qualify for the Investment Account, your Mercantile Bank HSA must exceed \$2,500.00. Any dollar amount can be moved into the Investment Account and invested in the options available. (For easy reference, we will refer to amounts not in the Investment Account as your HSA Transactional Account.) Care should be taken to maintain appropriate levels of cash equivalent to cover for needed medical expenses.

2. How does it work?

Contributions to your HSA transactional account are made through pre-tax payroll contributions (if available) or after-tax deposits.

- Investments are made by transferring funds from your transactional account to your investment account. You cannot directly contribute to your linked HSA investment account.
- Withdrawals used to pay for qualified medical expenses are made from your transactional account with your debit card or checks. You cannot pay for qualified medical expenses directly from your investment account. If you need to cover payments, you must transfer or liquidate your invested funds. (*fees may apply)

Note: Funds will not be automatically transferred out of your investment account to cover payments. It is your responsibility to ensure you have adequate funds in your transactional account to cover your payments.

3. How do I open an investment account?

You can request an application at any branch, call the Mercantile HSA Support Line at 616-406-3700, or download the form and disclosures from our website.

Once you review and agree to the terms and conditions, and complete and submit the application, you will receive a secure message within online banking with your login information.

Once you have received your login information, you can visit the Mercantile Bank website at www.mercbank.com, choose "Login to Other Services", and choose "HSA Investment" from the menu options.

4. How do I determine which investment options to choose?

A suite of mutual funds is available to you covering a number of fund families and asset classes. Determining which funds are right for you takes planning and homework. Assessing your investment objective, risk tolerance and time horizon for these HSA dollars is crucial to determining which investments fit with your expectations. You view or print a list of available funds from the website at any time. You will also find a number of planning tools when logging into your account.

5. Can I choose more than one fund?

Yes. Diversification is key to realizing your expectations. Historically, no one asset class outperforms any other year after year. Spreading your assets over a mix of asset classes may reduce risk, and offers the potential to maximize returns.

6. How are fund liquidations handled – can I request that a specific fund be sold as part of a redemption request?

No, monies are liquidated according to the percentage allocation you chose when your investment elections were made.

7. How often may I make changes to my investment selections?

Typically, mutual funds are considered long term investments. There may be a need from time to time to make changes to your mutual fund holdings due to changes in your investment objective, risk tolerance or other factors. You may make changes to your mutual funds as often as you deem necessary. Keep in mind that each fund company may charge a short-term redemption fee if held for less than the timeframe listed in the prospectus.

8. How can I direct future contributions to go into my Investment Account?

Once your transactional account balance exceeds \$2,500, contributions must be directed by the account holder each time.

9. What fees apply to my Investment Account?

A monthly fee of \$4.25 is applied to your HSA investment account. Fees are deducted from your transactional account.

There are no “loads” or commissions assessed to activate or use the mutual funds in your account. However, depending on the funds that you choose to invest in, there may be mutual fund expenses built into the fund price. These are determined by the mutual fund companies and are disclosed in each mutual fund’s prospectus. Additionally, mutual fund families have the right to assess short-term redemption fees based on the timing of buy and sell orders for specific funds. You should read the mutual fund prospectus carefully before investing money. The mutual fund prospectus contains complete information about the fund, including management fees, charges and expenses. See also the HSA Investments Terms and Conditions, which describes the compensation received by the various entities that provide HSA Investments administrative assistance.

10. Is there a fee to transfer money from my transactional account to my investment account?

No. You will not incur any fees for the transfer of money from your transactional account to your investment account. You will also not incur any fees for the transfer of the proceeds of a sale in your investment account back to your transactional account.

11. How long does it take to transfer funds or make a trade?

All transfers and trades requested prior to 3:00 p.m. EST during a normal business day will be processed at the close of business that day and reflected in your account the next business day. This could take up to 2-3 days to be fully updated in your investment account activity.

12. How often is my account activity updated?

Your account activity is updated daily and balances are valued each evening the New York Stock Exchange conducts business. In addition, you will receive a quarterly Mercantile Bank statement which will include your total HSA investment balance. Electronic investment statements are available anytime through the Investment Account website.

13. How often will statements be provided?

You have the opportunity with the system to generate a Statement on Demand for a custom time period for up to 2 years. No paper statements are provided, all statements are available online.

14. Are the dollars you invest in mutual funds FDIC insured?

No, dollars invested in mutual funds **ARE NOT FDIC INSURED, ARE NOT BANK ISSUED OR GUARANTEED and MAY LOSE VALUE**. When investing in mutual funds, you are investing at your own risk. The dollars invested in the transactional account however are FDIC insured.

15. What is the role of Devenir?

Devenir Investment Advisors, LLC as a registered investment advisers main role is to research, select and monitor performance with respect to the investment options within the plan.

16. Will mutual funds within the Mercantile Bank HSA investment portfolio ever change?

From time to time a mutual fund may close to additional investments, begin to under-perform or have a significant change in the objectives of the fund, any of which may require Devenir Investment Advisors, LLC to suggest a change. Typically, a fund will not be ejected from the portfolio; however a reasonable alternative may be added to that specific asset class.

17. Are my investment earnings taxable?

Earnings on the investments held in your HSA investment account are not taxable, as long as you have followed the IRS guidelines for HSA accounts.

18. How do I close my investment account?

To close your investment account you will first want to liquidate all investments in the account and transfer the proceeds to your transactional account. You may request verbally or through written request to Mercantile Bank of Michigan to close your account. Accounts carrying a zero balance for 24 months will be considered closed and purged from the system.

19. How do I close my transactional account?

Once you have liquidated all of the investments in your investment account and transferred the proceeds into your transactional account, you may request verbally or through written request to Mercantile Bank of Michigan to close your account. The balance in your investment account must be zero before you can close your transactional account.

20. Is there a toll-free number for HSA questions? What are the hours of operation?

Customer Service is available Monday-Friday, 8:00am-6:00pm and Saturday 9:00am-1:00pm. For questions, please call 800-453-8700, or email at HSASupport@mercbank.com.

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1. How do I access my HSA investment account?

You can log in to your HSA investment account by selecting “HSA Investment” from the Login to “Other Services” menu on the main page of the Mercantile Bank of Michigan website. User ID: This is your HSA account number with either a 4 or 40 in front of it and will be 11 digits long in the format xxx-xx-xxxxxx. Password: The PIN that was provided to you. You must include the dashes in the User ID.

2. What will I see the first time I access my HSA investment account?

The first time you access your HSA investments, you will be directed to an enrollment screen. Here you need to provide pertinent information about you and your account preferences. Through this process, you will select your initial investment elections. Money that goes into the HSA investment account will be allocated based upon the investment elections you set. If you do not establish investment elections, your money transfer will default to a money market fund until you make your investment selections and realign your holdings. It is important to click on the Enroll Me button to complete this process. If the Enroll Me button is not clicked, your enrollment and elections will not be finalized.

3. What investment options are available on the HSA investment platform?

A list of the mutual funds offered through the HSA investment account as well as information concerning the recent performance of those funds is found by accessing the [Fund Performance Dashboard](https://hsainvestments.com/fundperformance/?p=MBM) (<https://hsainvestments.com/fundperformance/?p=MBM>).

The investment options are also available by accessing the HSA investment account and selecting Fund Performance Dashboard under Planning Tools from the top navigation menu. For more in-depth information concerning the funds offered, you can find each fund’s prospectus, fact sheet and Morningstar® page by clicking the interactive links in the Fund Performance Dashboard.

4. Can Mercantile Bank of Michigan or Devenir help me select the mutual funds I should invest in?

The HSA investment account is self-directed. This means you select the investments that are right for you. Research and tools are available through the HSA investment website and the [Fund Performance Dashboard](#) to help you make your investment selections. You can review the mutual funds’ prospectuses and fact sheets for important information regarding the objectives and risks associated with investing in the mutual funds. If you work with a personal investment advisor, you may want to speak with them for advice on selecting funds for your HSA.

5. What other research tools are available to me in the HSA investment account?

The HSA Asset Allocation Tool is also available under Planning Tools to help you allocate investments according to your risk tolerance and objectives for your HSA investment account.

6. What minimum investment amounts apply to the mutual funds available in my HSA investment account?

There is no minimum investment amount that applies to the purchase of mutual funds through the HSA investment account.

7. How often can I make changes to my HSA investments?

You may make changes to your HSA investment account as often as you choose, but please be aware, some funds may charge short-term redemption fees or institute trading blocks to prevent market-timing practices. Please refer to the fund's prospectus prior to making any changes to your account holdings.

8. If a new mutual fund is added within the same asset class, can I be invested in both funds?

Yes. You may allocate money to any of the funds available through your HSA investment account. Which fund(s) you invest in and the amount you allocate to those funds is your decision.

9. Is money invested in an HSA insured by the FDIC?

No. Mutual funds are not insured by the FDIC, nor are they guaranteed by Mercantile Bank of Michigan or Devenir. As is the nature of investing, mutual funds may lose value, it is your responsibility to understand the risks of investing your HSA dollars.

10. What happens to my dividends or interest earned on my mutual fund investments?

Dividend or interest income earned on your mutual fund investments are automatically reinvested back into those funds.

11. How often should I be re-balancing my asset allocation in my HSA investment account?

If you experience life changes, or changes to your investment objectives, risk tolerance, and/or other factors concerning your investments, you may wish to re-balance your asset allocation. Re-balancing allows an investor to maintain an asset allocation consistent with their objectives. The HSA investment account is self-directed, and it is up to you to make the investment decisions that are right for you. The HSA Asset Allocation Tool is available through the investment website and can help you determine an appropriate asset allocation after you answer a few simple questions. You may implement changes through the Realign HSA Investments link on the HSA investment website, under Manage Investments.

12. Where can I find a prospectus for the mutual funds available in my HSA investment account?

If you would like more in depth information concerning the mutual funds offered, you may access each fund's prospectus, fact sheet and Morningstar® page by clicking the links in the [Fund Performance Dashboard](#). You can access the plan's mutual fund performance link by accessing your HSA investment account and selecting Fund Performance Dashboard under Planning Tools from the top navigation menu. You may also obtain a prospectus directly from the mutual fund company through the fund's website.

13. If a mutual fund is listed as "Sell Only," what does that mean?

Sell only funds are not available for additional purchases or open to new investors. Dividends and capital gains will continue to reinvest into the sell-only mutual funds. If you have a balance in a sell only fund, you can find the balance listed on the Investment Summary page, underneath Account Summary, in the investment website.

14. I am having trouble accessing the HSA investment account website. What should I do?

If you cannot see links in the investment website or cannot open the investment website link, you may try deleting temporary internet files and cookies. Another option is to try a different browser, for example, if Internet Explorer is not working, you may want to try Mozilla Firefox or Google Chrome. If those fixes do not work, you can contact Devenir at 952-446-7400 for further assistance.

15. How often does the HSA investment website update account activity and investment balances?

Investment balances and transaction history are updated each evening that the New York Stock Exchange is open for business.

16. How long does it take for money moved from my Mercantile Bank of Michigan HSA base balance to show up in my HSA investment account? It can take up to 2-3 business days before you would see the money moved from your Mercantile Bank of Michigan HSA base balance into your HSA investment account.

17. Why are the changes I made to my investment elections not reflected in my current asset allocation?

Investment elections are allocations for new money directed to the HSA investment account. For example, money that is transferred from your HSA base balance. If you also wanted to change your current allocations, you will need to realign your account by accessing your HSA investment account and selecting Realign HSA Investments under Manage Investments from the top navigation menu.

18. How do I update my address associated with my HSA investment account?

You must contact Mercantile Bank of Michigan to update the address on your HSA investment account. Mercantile Bank of Michigan collects the address change information and passes it along to the record keeper of the HSA investment account.

19. Where can I find statements for my HSA investment account?

You can login to your HSA investment account and select Statement on Demand from the Statements and Activity top navigation tab.

20. Who is Devenir and what is their role?

Devenir LLC, is a registered investment adviser that was chosen to research and select the HSA investment account mutual fund investment options.

21. Who is the first point of contact for questions regarding the HSA investment account?

Mercantile Bank of Michigan is your first point of contact. You may contact Customer Service at 800-453-8700 or email HSASupport@mercbank.com. You can reach out to Devenir if additional information or research is required.

22. Can I close my HSA investment account on the HSA investment website?

No, you can only close your HSA investment account through Mercantile Bank of Michigan. Mercantile Bank of Michigan collects the information and passes it along to the record keeper of the HSA investment account.

23. What fees apply to my HSA investment account?

\$4.25/month.

24. How is the fee deducted from my HSA investment account?

Your monthly fee is deducted from your transactional account.

25. What additional fees apply to the HSA investment account?

To curb market timing practices, certain funds may impose short term redemption fees or trading blocks. For information on whether a fund assesses short term redemption fees or blocks, as well as the specifics concerning those policies, please reference the fund's prospectus. You can also see these funds on the Investment Summary page under the Account Summary dropdown tab.

26. What commissions or loads apply to the mutual funds in my mutual fund HSA investment account?

The mutual funds in this program are load-waived or no-load funds. Typical loads or commissions do not apply to these funds.

27. Where can I research if the funds I choose are subject to redemption or frequent trading policies?

Please refer to the fund's prospectus for information concerning redemption or frequent trading policies. This information is also available through the HSA investment account website under the Manage Investments top navigation tab, and the Realign HSA Investments, dropdown link. If a short-term redemption fee or frequent trading policy applies to a particular fund, an icon will appear under the Trading Policy column on the Realign HSA Investments page of the HSA investment website. You may view the specific policy by hovering the mouse cursor over the icon.

28. What is the expense ratio of the mutual funds in my HSA investment account?

All mutual fund companies charge a fee to manage the mutual funds known as the expense ratio, which is already built into the fund's performance. Expense ratios vary by fund. To find information about a fund's expense ratio, please consult the [Fund Performance Dashboard](#), the fund's prospectus, and/or view the fund's current Morningstar® page.

**NOT A BANK OR CREDIT UNION DEPOSIT OR OBLIGATION – NOR FDIC OR NCUA
INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT
GUARANTEED BY ANY BANK OR CREDIT UNION – MAY GO DOWN IN VALUE.**