



OFFICE OF COUNTY MAYOR GLENN JACOBS

Procurement Division • Department of Finance • 1000 North Central St., Suite 100 • Knoxville, TN 37917

Summary Documentation for Contract Approval

Nature of Contract:

Knox County Government provides Flexible Spending Accounts (FSA), Health Savings Accounts (HSA), and Health Reimbursement Arrangements (HRA) for eligible employees and their dependents. Through payroll deductions, employees set aside pre-tax dollars in an FSA to cover qualified medical expenses. For those enrolled in a high-deductible health plan, an HSA provides the opportunity to save pre-tax funds on eligible medical costs. Existing HRA funds represent legacy balances from previous county contributions.

Purpose and Need:

Knox County intends to enter into a five-year agreement with Pinnacle Bank to administer FSA, HSA, and HRA programs. This contract ensures Knox County employees can continue to access pre-tax savings for qualified medical expenses, while maintaining full compliance with all IRS regulations.

History of Contract:

Knox County is transitioning to a new vendor for FSA, HSA, and HRA administration. Pinnacle Bank's proposal provides an estimated annual savings of \$7,500, totaling approximately \$35,000 over five years. In addition to cost savings, Pinnacle Bank offers stronger adherence to IRS regulations, enhanced customer service to employees, locally based account representatives, and improved administrative processes and support.

Statement of Support:

FSA, HSA, and HRA programs are an essential component of Knox County's competitive benefits package and play a vital role in attracting and retaining a talented workforce. Contributions to FSA and HSA accounts are made pre-tax, generating FICA tax savings for the County. Historically, these programs have been financially neutral, or even advantageous, to taxpayers. The Benefits department is confident that our new partnership with Pinnacle Bank will deliver a strong, positive experience for employees who participate in these programs.

Department Head Signature: *Danielle Davis*