

**Press Release: November 9, 2004**

## **PFPC LAUNCHES TURN-KEY HEALTH SAVINGS ACCOUNT SERVICES**

*Account Solution Offers Companies Opportunity to Help Employees Cope with Escalating Medical Costs*

WILMINGTON, Del., Nov. 9, 2004 – Health care providers and companies seeking to assist employees in dealing with rising medical costs may be attracted to the advantages of health savings accounts (HSAs) now available for servicing through PFPC Inc., one of the largest full-service mutual fund providers in the nation and a member of The PNC Financial Services Group, Inc. (NYSE: PNC). Health savings accounts are designed for many individuals and their families currently enrolled in high-deductible medical insurance plans.

Signed into law in December 2003, health savings accounts are tax-advantaged investment accounts for medical expenses. HSAs function like self-directed IRAs for health care. Participants in high-deductible medical insurance plans are eligible to open the accounts. Health savings accounts offer a significant tax advantage because contributions, earnings and distributions are exempt from federal and FICA taxes when used to pay for qualified medical expenses.

As part of its new integrated HSA servicing capabilities, PFPC offers a comprehensive multi-manager mutual fund platform. Health savings account services include:

- Online enrollment and account administration
- Custodial services
- Private-label option
- Marketing and fulfillment services
- Payroll deduction\*
- Automatic claims reimbursement\*

\*if PFPC is integrated with the health plan provider

Many industry experts believe health savings accounts have a win-win appeal— offering employers tax advantages and healthcare cost containment capabilities while providing high-deductible plan participants with permanent, transferable savings arrangements and tax benefits. “PFPC is bringing a

flexible, creative solution to the industry that is specifically developed to meet the needs of today's marketplace," said Michael DeNofrio, executive vice president and senior managing director, PFPC transfer agency. "HSAs are complex products that must be managed carefully and competently."

HSAs are similar to medical savings accounts (MSAs)—health plans that federal law previously made available to small business owners on a limited basis, but health savings accounts differ from MSAs in that both the employer and the employee can contribute to an HSA in the same calendar year and contribution amounts have been increased to 100% of the deductible (as compared to lower percentages for medical savings accounts). Insurance policies associated with HSAs must have minimum deductibles of \$1,000 for an individual and \$2,000 for a family.

PFPC's HSA servicing will also be available to insurance industry customers of PNC Bank, N.A., another member of The PNC Financial Services Group, Inc. "PNC Bank recognizes the value of HSAs in providing a viable solution to escalating healthcare costs," said James Graham, executive vice president of Corporate Banking at PNC Bank, National Association. "Through collaboration with PFPC to deliver a robust HSA option, PNC demonstrates a commitment to meeting the distinct business needs of our customers through our customized solutions and a high level of customer service."

PFPC is a leading provider of processing, technology and business solutions to the global investment industry. Our open business model enables us to deliver personalized solutions to meet client needs, preferences and requirements. Through our innovative, component-based Global Enterprise Platform<sup>SM</sup>, clients can access a comprehensive array of investor and securities servicing capabilities. PFPC supports a global client base from offices in the United States and Europe, offering fund accounting and administration, transfer agency, custody and sub-accounting services for \$1.7 trillion in total assets and 55 million shareholder accounts\*. Please visit us at [www.pfpc.com](http://www.pfpc.com).

The PNC Financial Services Group, Inc. is one of the nation's largest diversified financial services organizations providing consumer and business banking; specialized services for corporations and government entities including corporate banking, real estate finance and asset-based lending; wealth management; asset management and global fund services.