

discover the benefits



Flexible Benefit Alternatives



Self Insured Plans LLC

Strengthen Your Benefit

Continued increases in the cost of medical care have encouraged employers to consider every option when it comes to providing quality, affordable health benefits. Flexible Spending is one strategy that continues to help.

We have helped many firms implement Flexible Spending Plans, as allowed by Section 125 of the Internal Revenue Code. Our comprehensive program includes plan design, government compliance, enrollment and 24/7 website access for employee communication and ease of administration.



Advantages for Your Employees

When employees learn how Flexible Spending can increase their annual take-home pay, few turn down the opportunity to participate. Using Flexible Spending Account (FSA) contributions means using before-tax dollars to pay for medical and dependent care expenses not covered by a core benefit program. In most cases, this pre-tax feature gives even modest wage earners an effective savings of 25% or more on all products and services purchased with funds contributed to their FSA.

In addition to using a flexible spending account for eligible medical treatments or over the counter products, employees may also establish a dependent care FSA to cover the costs of day care for children or loved ones.

Convenient Access to Funds

With a Flexible Benefit Plan administered by our firm, plan participants have instant access to their funds.

Flex Debit Cards, which work just like a bank debit card, allow funds to be deducted from a covered employee's Flexible Spending Account in real time, at the point of sale. Out-of-pocket expenditures are avoided, cash flow is improved and paperwork is eliminated, thus time is saved.

Flex Debit Cards used at pharmacies complying with IIAS requirements offer even greater convenience. Cardholders no longer need to submit receipts to their health plan since healthcare related purchases would be noted on their receipt. It is suggested, however, that covered employees retain their itemized receipts for tax purposes.

Flexible Spending Lowers Costs without Cutting Benefits

This example illustrates the impact of Flexible Spending for an employee earning \$36,000 annually.

	Without Flex	With Flex
Total Monthly Pay	\$3,000.00	\$3,000.00
Less Pre-Tax Benefits		
Health Premiums	0.00	120.00
Medical/Dental	0.00	100.00
Child Care Expenses	0.00	400.00
Total Pay Subject to Tax	\$3,000.00	\$2,380.00
Less Deductions		
Federal Income Tax	266.00	170.00
FICA Tax	186.00	147.56
Medicare Tax	43.50	34.51
After-Tax Income	\$2,504.50	\$2,027.93
Less After-Tax Benefits		
Health Premiums	120.00	0.00
Medical/Dental	100.00	0.00
Child Care	400.00	0.00
	\$1,884.50	\$2,027.93
<i>Annual Increase in Spendable Income</i>		\$1,721.16

Plan and Control Costs

Advantages for Your Company

Employers benefit from Flexible Spending plans as well. When an employee's taxable income goes down, so does the employer's obligation for FICA and Medicare taxes, which currently total 7.65% of gross pay. Flexible Spending Accounts also help engage employees in their health plan and soften the impact of rising premiums, co-pays and deductibles.

Qualified Expenses

According to Sections 213, 129 and 132 of the IRS Code, expenses that qualify for FSA reimbursement are:

- Pre-tax payroll deduction contributions for employer-sponsored group plans including but not limited to term life, accident, health and dental insurance.
- Dependent child care expenses incurred in order to allow the taxpayer to be gainfully employed
- Qualified Parking, Transit Fees and VanPool expenses
- Out-of-pocket medical, dental, vision expenses and more

Employee communication and enrollment

Employees who choose to participate in a Flexible Spending plan must be made aware of several important factors:

1. *Allocations are made once per plan year with the exception of a change in family status such as: marriage, divorce, birth or death of a spouse or child.*
2. *The "Use It or Lose It" rule requires employees to forfeit any allocated funds*

that are not used during the plan year. Since unused funds remain with the employer, we recommend that participating employees estimate costs conservatively to avoid any monetary loss. Unspent Section 132 transportation funds may be rolled over from year to year.

3. *Because lowering taxable income will reduce employer contributions to Social Security, employees may elect to transfer a portion of their savings to an interest bearing savings account or investment program.*

4. *Certain disclosure and informational requirements must be met when implementing and communicating a Section 125 Flexible Spending program.*

Our counselors work closely with plan participants throughout the enrollment process to help them understand the regulations governing Section 125.

Design, administration and compliance assistance

We can assist your company with Flexible Spending plan design, administration and compliance. Here are a few guidelines to consider:

- *Your plan must be in writing and offer employees a choice of two or more benefits consisting of cash and "qualified" benefits.*
- *Participants must have access to their maximum Flexible Spending Account (FSA) contribution at any time during a plan year. All refund requests for medical expenses must be documented in writing, unless a Flex Debit Card is used.*
- *Both the Internal Revenue Service and the Department of Labor require certain information, including annual information returns.*

Online Enrollment, Claim Filing and More

Web-based administration helps your employees enroll, verify benefits, file claims and enjoy prompt reimbursement of eligible expenses. Online enrollment, claim filing and access to forms help reduce the amount of involvement and follow-up required by your employees or human resources staff. While this information is accessible throughout our secure website, we provide all the reports needed to meet government regulations and keep plan participants informed.

*Plan design, efficient administration and added convenience...
the benefits of our Section 125 Flexible Benefit program.*



Self Insured Plans LLC

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