



# FSA Overview



**Presented by Nancy Dantzman**  
Vice President of Sales, TASC

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# TODAY'S PRESENTER

## Nancy Dantzman

- Nancy is Vice President (VP) of Sales for TASC (Total Administrative Services Corporation). Nancy is responsible for the marketing TASC's services and for the implementation and promotion of TASC's services, including Pre-Tax Benefit Offerings and our entire Compliance Suite.
- She regularly conducts lunch and learn seminars and webinars to educate employee benefits consultants, insurance carrier sales staff, and employer groups of all sizes. This education aids these audiences in making strategic decisions regarding legal requirements, and helps them implement industry best practices to ensure employee understanding and engagement.
- Nancy has more than 30 years of industry experience. Prior to joining TASC she worked at health insurance carrier for 15 years in various capacities. Nancy also worked at eflexgroup and assisted in the development of key products and procedures. She joined with TASC in 2014 when eflexgroup was acquired by TASC.
- Since joining TASC Nancy has received her HSAExpert (HSAe) designation and maintains active NAHU (National Association of Health Underwriters) and WAHU (WI Association of Health Underwriters) memberships.
- Nancy leverages her creative enthusiasm, experience, breadth of industry knowledge and TASC's growing service offerings to improve the bottom-line savings of her clients.

# WHAT IS AN FSA?

# Section 125 Plans

- Cafeteria Plan
- Premium Only Plan (POP)
- Flexible Spending Account (FSA)

**CHOICE BETWEEN CASH & A BENEFIT**



# **ADVANTAGES OF OFFERING AN FSA PLAN**

# Why Offer an FSA?



## EMPLOYEE ADVANTAGE

- Increased take-home pay using pre-tax dollars for healthcare and/or dependent care expenses
- Reduces taxes by an average of 30%
- Offsets the impact of rising healthcare costs

## EMPLOYER ADVANTAGE

- Reduced payroll taxes (including Social Security & Medicare)
- More attractive employee benefits program
- Higher employee participation leads to more savings

# Increase Tax Savings

- Each dollar contributed to an FSA reduces the employer FICA **by 7.65%**
- Total savings can eliminate overall administration costs of the FlexSystem Plan

***The more employees contribute, the more employers SAVE!***

# Employer Tax Savings

When 50% of 500 employees participate in FSA and contribute \$1,500 each, the employer saves **\$25,000**.

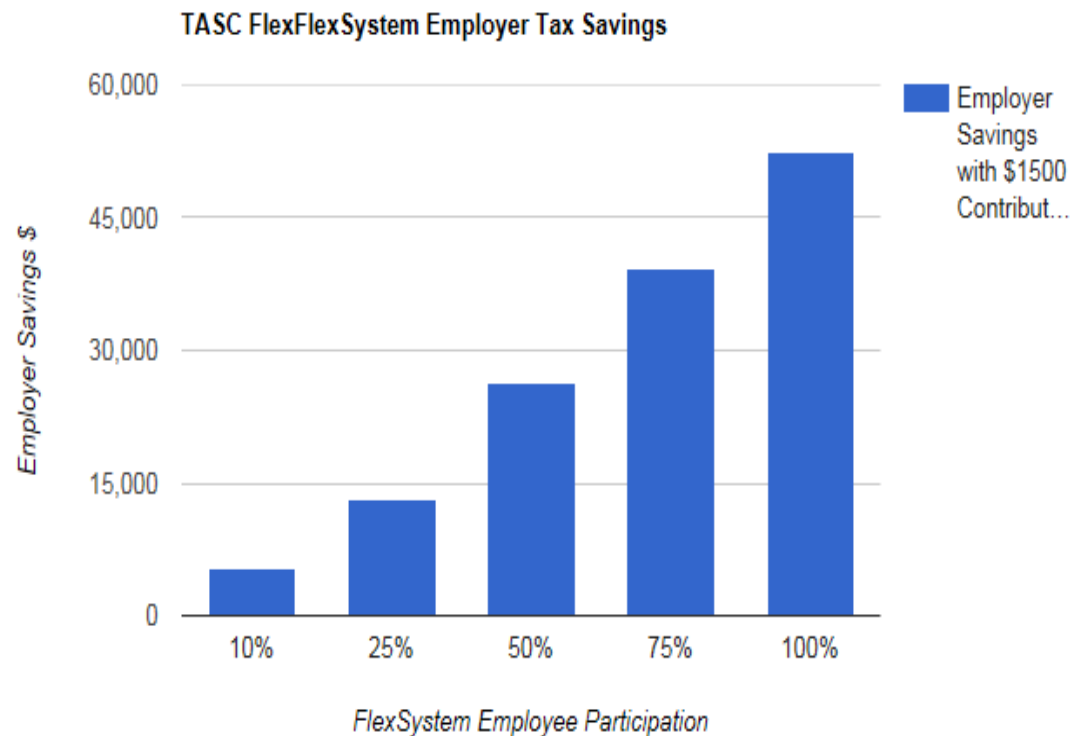
If participation increases to 75% of eligible employees contributing \$1,500, the employer saves **\$39,500**.

A **\$65,000** savings is possible when the average employee contribution is \$2,500.

Total Employees:


Estimated Contribution:

*On average, an employer will see 25% of their employees participate.*



# Employee Tax Savings

	<u>Without FSA</u>	<u>With FSA</u>
Gross Pay	\$ 50,000	\$ 50,000
FSA Contribution (health & dep care)	- \$ 0	- \$ 7,500
<b>Taxable Income</b>	<b>\$ 50,000</b>	<b>\$ 42,500</b>
Taxes (Fed, State, FICA) @ 25%	- \$ 12,500	- \$ 10,625
Out-of-Pocket Expenses	- \$ 7,500	- \$ 7,500
<u>Reimbursement from FSA</u>	+ \$ 0	+ \$ 7,500
<b>Take-Home Pay</b>	<b>\$ 30,000</b>	<b>\$ 31,875</b>

 **\$1,875**  
in tax savings

**Employee saves \$1,875 per year!**

# FSA Plan Types

- General Purpose FSA (GPFSA)
- Limited Purpose FSA (LPFSA)
- Healthcare FSA (HFSA)
- Dependent Care FSA (DCAP)

# Who Can Participate?

- Must have a Group Health Plan
- Must be eligible for the Group Health Plan
- S-Corp
- LLC
- C-Corp

# Who Can Contribute

- Employee
  - 2018 Max: \$2,650 HFSA
  - 2018 Max: \$5,000 DCAP
- Employer
  - Less than \$500 (above \$2,650 annual max)  
or
  - Dollar-for-Dollar Match (above \$2,650 annual max)  
or
  - Cash-out Option (cash in lieu of benefits)



# Eligible Expenses

- Premiums
- General Purpose FSA - allows all 213(d)
- Limited Purpose FSA - allows Dental, Vision, Post-Deductible
- Day Care - allows Dependent Care for children under age 13 or adult care

# Legal Requirements

- Plan Document
- Summary Plan Description (SPD)
- Discrimination Testing
- IRS Form 5500 Filing (more than 100 PPTs)

# Carryover Option

## *Less Risk, More Participation*

- **Healthcare FSA allows Carryover**
- Employers may choose Carryover option for the Healthcare FSA Plan instead of a Grace Period
- Allows participants to carryover **up to \$500** of unused Healthcare FSA funds into the next Plan Year
- **Less risk of forfeiture**
  - Attracts more employees to participate in Healthcare FSA
  - Increases annual contributions to at least \$500

# Substantiation Requirement

- Prop Reg § 1.125-6.  
Substantiation of expenses is required for all Cafeteria Plans

# FSA COBRA

- Health FSA (HFSA)
- Qualifying COBRA Qualifying Benefit if *contributions* are more than *reimbursements* at point of termination

# Mid-Year Takeover Option

- Transition current FSA Plan any time of year
- Simple process
  - Transition event timeline
- Plan remains in tact - no change to current elections
- During Plan Transition:
  - Debit cards turned off 2-3 days
  - Final claims payout
  - Final claims data



# THANK YOU

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