This paper is a proposition to Vanguard Industries outlining Flexible Spending Accounts. Its sole purpose is to cause awareness of benefits associated with these accounts to employers. There is a clarification of the general idea of Flexible Spending Accounts, supplying many points of value. The benefits include tax cuts and costs to employers and its employees for a broad range of health insurance coverage. This paper also establishes the effect of Flexible Spending accounts on today’s economy, including tax implications. Rules and regulations are outlined and utilized to explain the possible tax penalties. Limits are included to stop the company from manipulating Flexible Spending Accounts for further consequences. Effects of the IRS governing and restraining these accounts are listed and clarified. The Flexible Spending Accounts’ toll on the economy is rationalized and vindicated. The three paragraphs outlined are to persuade the chosen company to establish these accounts for its health insurance benefit offered to employees.

A Flexible Spending Account is an improved tax saving economical account governed by the IRS. This account gives employees an advantage of unconsciously consigning a segment of their salary into it. Employees approximate funds needed to spend in expenses for the year ahead. Insurance does not admit attention over all expenses. The money put aside in the account can disburse for costs not covered by insurance, including out-of-pocket ones. Throughout the assigned year, employees have the chance to incur these funds by debit card, check, or online effortlessly. Eligible expenses include everyday care items including contact lenses, crutches, dental care, and diabetic supplies. FSA’s can reward both you and your employees. It will ease dependent and medical care costs. Up to 40% of expenditures, that are going to be brought anyway, can be saved. Company Employers that propose Flexible Spending Accounts encounter a diminution of employer and FICA taxes. Employers are not responsible for funding the Social Security tax, which equals 7.65% of each employee. The employees of said company that partake in these accounts condense the taxes given upon their earned income by saving on federal and income taxes. You get to obtain a minimal amount of taxes while the employees acquire great benefits. For example, if $36,000 a year is netted by an employee, $9, 234 of that is paid to taxes. If 3% is interjected into an FSA, the overall tax bill plummets 3%, allowing for $277 in savings. These discounts cost no money to you. This gives your employees a “raise” without you having to spend money. This will attract enthusiastic and content employees to your business, offering positive customer care. Supplementary workers involved will increase your reserves on payroll taxes. If an employee uses $500 in medical bills and additional eligible expenses, but has already decreed to subsidize $1,500 to the FSA account, the surplus is now in the ownership of the company. The company can then elect to keep the leftovers or supply them back to the employee the next year. The company leaders can exploit the idle funds for administrative costs sustained throughout the plan year. Lower-income families usually get less value from an employer-sponsored FSA. If an FSA is put into correct use, it can help to counterbalance out-of-pocket medical expenses and offer reimbursement for monthly health insurance dividends. The IRS administrates these accounts but employers are the managers and sponsors. Monthly reports delegating membership enrollment, transaction history, enrollee account balances, and more are tools to manage a group plan. An individual can be presented with an opportunity to manage their FSA statements online as well.

The government controls Flexible Spending Accounts by emitting guidelines upon them. These rules and regulations validate that no individual gains the power to manipulate the system. Employers who do not abide by the principles explained are dealt tax penalties. These protocols are painless to grasp and obtain a short demand for attention and work. An employee may only use the assets for certified expenses, including medical coverage and insurance needed for that set year. The opening to receive the greatest extend of reimbursement must be offered to every employee at all times. Even if the employee has not paid the full amount for the year yet, he or she has the obligation to receive the comprehensive total pledged to contribute. Non-prescription drugs, excluding diabetic insulin is prohibited to be purchased with expense money. If caught using FSA money for costs that fail to qualify, the medical expense will be encompassed into your regular income and imperil to a bonus 20% tax. In the upcoming year, the maximum capacity that can be massed into an account will reduce to $2,500. Employees that are subject to removal from the plan possess the right to receive funds already submitted. As an employee, if an expense is reimbursed you do not have permission to collect payment from other sourcing funding the expense. Proof is required stating that the employee is not entitled to bill other sources. Compensation is not authorized being purported for income tax intentions. Plans cannot linger for more than one year. Two years plans must be split and accumulated separately. Claim forms are required to be filled out including fields such as name, address, amount charged, and more. The misuse or abuse of these rules will result in tax penalties. All these guidelines affect the benefits of the health Flexible Spending Accounts.

Determining health insurance coverage plans can be an imperative decision relating to career benefits. Health Flexible Spending accounts distributes a great deal of benefit to the economical world. In stress-free economic times, people have doubted the benefit of these accounts. Now that the economy has declined, the increases in assistances have been realized. Flexible Spending Accounts have been set up to contribute pay to Health Care reform. Health Flexible Spending Accounts can increase the profits of small businesses and accumulate high take home pay for employees. Federal and state taxes are reduced following participation in this plan. In some cases, Social Security taxes can even be deducted. The spending amount of the country increases while taxes are subject to decrease. Federal payroll and income tax receipts are expected to surge by at least $13 million by the year 2019. These accounts also add an increase in money to those planning explosion from their career. On average, due to increasing illnesses, there will be an increase of $101 in 13.9 million households. FSA’s solve this problem. Tax liability for a company is increased with these employee benefits delivered.  Using pre-tax income aids minor income tax bills. With all the cuts to costs, the economy grows.

As elucidated, Flexible Spending Accounts are a high beneficial health insurance plan to provide for the employees of your business. It cuts costs, including major tax percentages, and provides an increase in economic spending terms for our country. This plan provides the base for your coverage of benefits presented to employees. There are many chances for your business and its employees to save on tax funds and accumulate to keep tax-free paychecks. There are many disadvantages to a Flexible Spending Account but the doles dwarf them. Your company should enter these accounts into high attention, due to its massive load of tax shortages. It can contribute to your future success, adding gratified employees and managers. The less time you wait, the better the outcome for you.