

Your guide to making tax-advantaged accounts work for your clients!

FSA
HRA
HSA
Transit & Parking



Dickerson Employee Benefits
Insurance Services

AUTHORIZED GENERAL AGENT

Presented by: Bill Kay
Regional Sales Director, TASC

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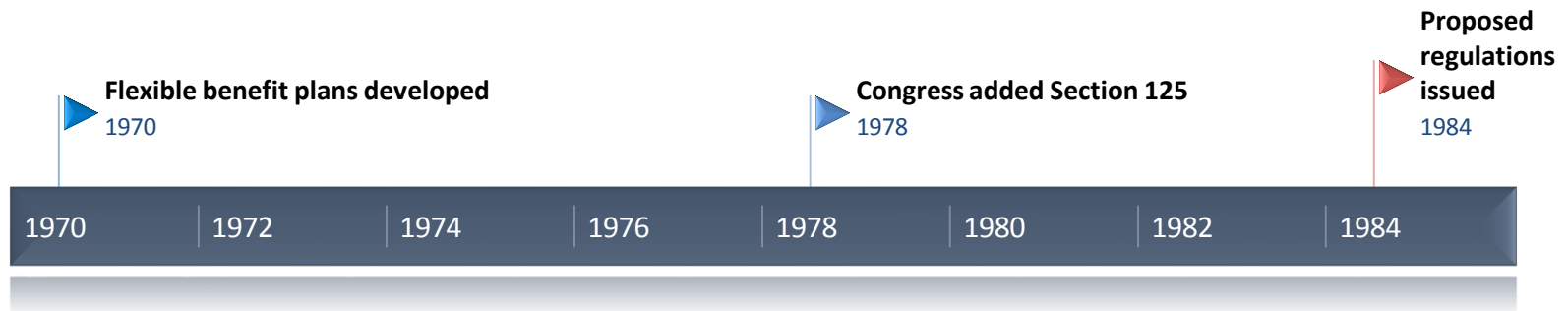
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Agenda

1. History of tax-advantaged benefit accounts
2. Trends
3. Overview of benefit accounts
 - FSAs / Commuter Plans / HRAs / HSAs
4. Benefit account strategies
 - FSAs / HRAs / HSAs
 - Single and combined plan designs
5. Pitfalls you can avoid
6. New Compliance Bundles

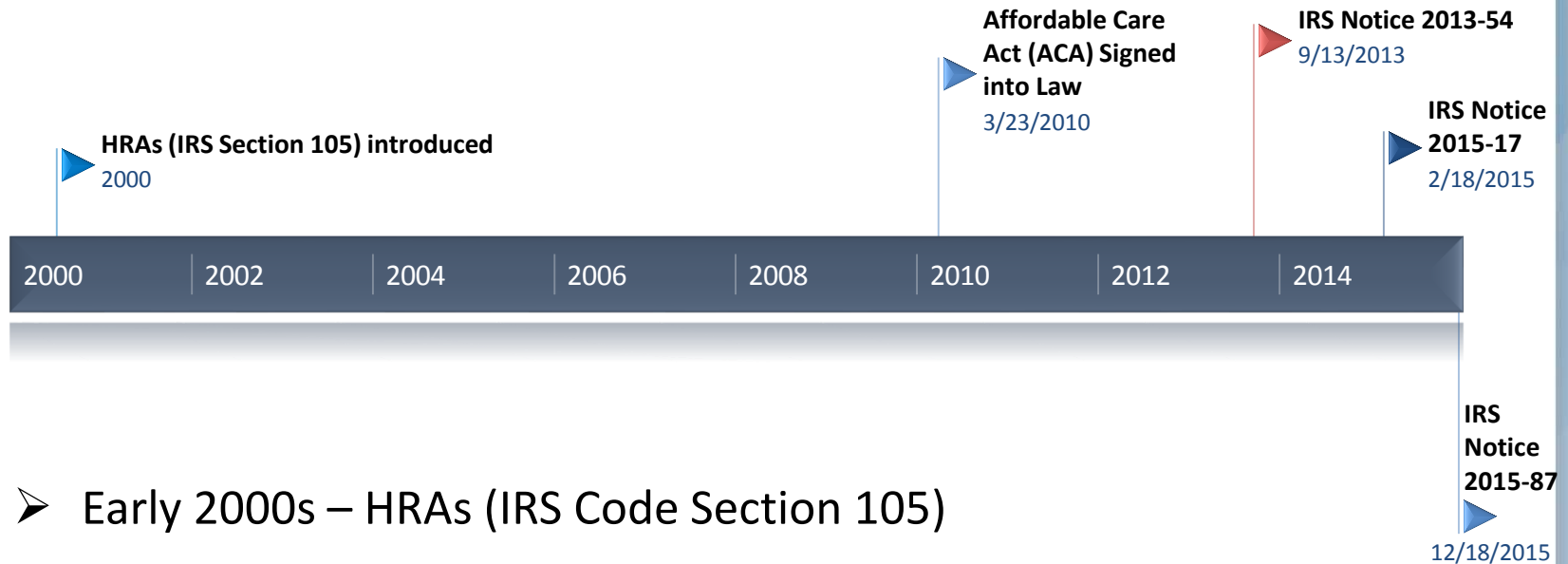
History of Tax Advantaged Accounts



- 1970s – Flexible benefit plans developed
 - 1978 – Congress added Section 125, recognizing pre-tax employee benefits as part of employee’s total compensation package
 - 1984 – Proposed regulations issued

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History of Tax Advantaged Accounts: HRAs



➤ Early 2000s – HRAs (IRS Code Section 105)

➤ 2010 – ACA limits options for HRAs

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History of Tax Advantaged Accounts: HSAs



- 1993 - 1994 – Era of Healthcare Reform begins
 - 1996 – HIPAA and MSAs introduced
 - 2003 - 2004 – HSAs introduced

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Tax Advantaged Benefit Accounts

Benefit Account Glossary

- FSA – Flexible Spending Arrangement (or Account)
- HRA – Health Reimbursement Arrangement
- HSA – Health Savings Account
- ACA – Affordable Care Act
- SPD – Summary Plan Description
- CDHP / HDHP – Consumer Directed Health Plan or High Deductible Health Plan
- PCORI – Patient-Centered Outcomes Research Institute
- Non-Discrimination (Testing) – Benefit plans must not discriminate in favor of highly compensated employees (applicable to FSA, HRA and HSA)

Consumer Directed Health Plans: They're Here to Stay

Health benefit accounts will increase from
44 Million in 2014 to
78 Million in **2018**

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Consumer Directed Health Plans: Trends & Tailwinds

Deductibles increasing rapidly:

- Employers > 200 employees with an average deductible > \$1,000 jumped 22% (from 32% to 39% of ERs)
- All employers with an average deductible > \$1,000 jumped 12% (from 41% to 46%)

Enrollment and dependence on CDH accounts rising in response

Despite ACA, employers are definitely staying in the game:

- Although plans are adjusting quickly, large employers offering benefits went UP from 94% to 97%
- Only 16% of small employers dropped coverage, generally at the very small end of the market

**Current distribution models and benefit structures remain at-risk but holding strong
Health Plan disruption is at an all-time high**

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Three types of tax-advantaged accounts

1. Healthcare Flexible Spending Account (FSA)

(IRS Code Section 125)

- Pre-tax money for out-of-pocket medical expenses
- Expenses can be for Participants, a spouse, or any tax dependents (regardless of whose insurance the dependent is on)



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Three types of tax-advantaged accounts

2. **Dependent Care Flexible Spending Account (DCFSA)** (IRS Code Section 125)

- Reimbursement for qualified dependents
- Childcare expenses
- Elder care expenses



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Three types of tax-advantaged accounts

3. Pre-tax Transportation Program

(IRS Code Section 132)

- Program for mass transit, van pooling, parking
- Allows employees to use pre-tax money for transportation to and from work
- Employees can enroll, modify, or stop an election at any time – not just during Open Enrollment
- NEW —transit and parking accounts restrict cash reimbursement

 Transit & Parking

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Product Characteristics

FSA

Employer Established

- Full plan paired with offer of general medical plan
- Coordinated with HSA/HRA (certain restrictions apply)
- Multiple account options

Contribution

- Employer and/or employee may contribute to account
- Contributions made by payroll deduction
- IRS limits on annual contribution amount
- Must have plan document

Distribution

- Third party substantiation required
- Internal Revenue Code §213(d) expenses may be reimbursed
- Funds can only be used for qualified expenses

Account Balance

- Funds are “use it or lose it”
- Accounts may have Grace Period or Carryover up to \$500.00
- Total annual contribution must be available to participant day one of plan year*
*Uniform coverage dollars

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Employer Perspective

FSA

Tax Advantages

- Employer saves FICA match on employee contributions
- Tax savings generally off-set administration fees
- Tax savings often mitigate risk associated with uniform coverage dollars*

Administration

- Requires a plan document
- Third-party administrator services
- Technology innovations ease administration
- Requires regular plan contributions (usually coincides with payroll)
- Uniform coverage dollars

Appeal to Employees

- Contributions reduce employee tax liability
- Flexible benefit that helps employees better manage their out-of-pocket medical expenses
- Simple to use option for pre-taxing qualified dependent care

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Employee Benefits: FSA

Tax-advantaged benefits for employees:

- Medical-related reimbursement
 - Medical, dental, and vision out-of-pocket expenses
 - Qualified (requires prescription) over-the-counter RX expenses
- Dependent care reimbursement
 - Qualified, licensed dependent care
 - For dependent children and dependent adults in the participant's household



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2017 Maximum Contribution Limits

FSA – Medical and Dependent Care / Parking / Transit

	Medical Expense Reimbursement	Dependent Care Reimbursement	Parking Reimbursement (Monthly)	Transit Reimbursement (Monthly)
SINGLE	\$2,600	\$5,000	\$255	\$255
FAMILY	\$2,600	\$5,000	\$255	\$255



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Product Characteristics

HRA

Employer Owned

- Virtual dollars; require claims for exposure
- Self-funded and subject to PCORI & Non-Discrimination Rules
- Coordinates with HSA/FSA; with minor restrictions

Contribution

- Employer is only one to contribute to account
- Must be paired with a medical plan (Post ACA)
- Annual contributions are not limited
- Must have a plan document

Distribution

- Must provide evidence of claim
- Plan design determines eligible expenses
- The ACA added new restrictions for eligible expenses

Account Balance

- Employer determines Carryover provisions
- Funds are not portable
- Employer is only responsible to reimburse eligible claims

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Employer Perspective

HRA

Cost Containment and Tax Advantages

- Non-taxable Benefit
- Contributions are only allowed by employer
- Virtual dollars; must have eligible claims for expense reimbursement
- Must be paired with a health plan
- Pair with HDHP for cost-containment strategy

Administration

- Requires a plan document
- Technology innovations and third-party administrator services can make administration easy
- No annual contribution limit
- Self-funded plan, subject to PCORI and Non-discrimination Rules

Appeal to Employees

- Employer contributes dollars for out-of-pocket medical expenses
- Benefit that helps employees better manage their out-of-pocket medical expenses

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Employee Benefits: HRA

HRA - employer-provided benefits for employees

- Paired with a health plan, can reimburse out-of-pocket qualified medical related expenses:
 - Health Insurance Premiums
 - Deductibles
 - Out-of-pocket maximum expenses
 - Prescription and co-pay expenses
 - Dental and vision care
- First Dollar Coverage plans available
- Most plan designs offer benefit claims cards



Product Characteristics

HSA

Consumer Owned

- Must be paired with a qualified high deductible health plan (HDHP)
- May pair with Limited-purpose (LP) FSA and/or HRA
- LPFSA: vision, dental, and orthodontia expenses

Contribution

- Employer and/or employee may contribute to account
- Contributions made by payroll deduction
- IRS restrictions on annual contribution amount

Distribution

- No third party substantiation required – consumer responsible
- Internal Revenue Code §213(d) expenses may be reimbursed
- Funds may be withdrawn for non-qualified expenses with penalty (except 65+)

Account Balance

- Funds may carry over year-to-year
- Funds are portable
- Funds may be invested and earn interest for greater savings potential

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Employer Perspective

HSA

Cost Containment and Tax Advantages

- Requires HDHP which can be a lower cost benefit option
- Employees can contribute pre-tax, which reduces FICA match for employer
- Paired with HDHP can be used as the low-cost option to satisfy ACA requirements

Administration

- HSA accounts are individually owned by the employee and require little more than payroll deduction/plan contribution from the employer
- Must amend Section 125 plan to allow for pre-taxing HSA contributions

Appeal to Employees

- Rolls over from year to year
- Allows for “catch-up” contribution for employees over 55
- Helps to pay for out-of-pocket medical, dental, and vision
- Opportunity for investment
- More tax-free savings for retirement*

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Employee Benefits: HSA



Keeping consumers healthy and *their wallets* happy!

- No minimum balance
- Employees and employer can contribute
- Can choose to invest a portion of contribution
- Triple tax-benefit*:
 - Contributions are on pre-tax basis
 - Funds used for qualified medical expenses without tax liability
 - Investment income and earnings are tax-free
- Innovations in technology ease account management

*as long as funds are used for qualified medical expenses

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2018 Maximum Contribution Limits

HSA

Deductibles, out-of-pocket expenses, and contribution limits

	Minimum Deductible (HDHP)	Maximum Out-of-Pocket (HDHP)	HSA Contribution Limit	55+ Catch-up HSA Contribution
SINGLE	\$1,350	\$6,650	\$3,450	\$1,000
FAMILY	\$2,700	\$13,300	\$6,900	\$1,000



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Benefit Account Strategies



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Benefit Account Strategies:

Key Questions to Ask

What is the primary employer objective for offering a benefit account?

- Tax Savings?
- Benefit plan and administration flexibility?
- Manage rising healthcare costs?
- Attracting and retaining employees?

What type of health plan will be used in the benefit strategy?

- High Deductible Health Plan (HDHP)
- Traditional Plan
- Self-insured

Benefit Account Strategies: FSA

Strategies: Tax savings, plan flexibility, attract and retain employees

Increase Participation

Provide Participant Education

Promote Available Technology

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Benefit Account Strategies: FSA

Compatible with Group Health Plan Types:

Traditional Plan

High Deductible or Low Deductible Plan



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Benefit Account Strategies: HRA

Strategies: Tax and benefit savings, plan flexibility, manage healthcare costs, attract and retain employees

Can pair with high deductible plan to lower cost

Employer only pays for allowed claims

Flexible plan design

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Benefit Account Strategies: HRA

Compatible with Group Health Plan Types:

Traditional Plan

High Deductible or Low Deductible Plan

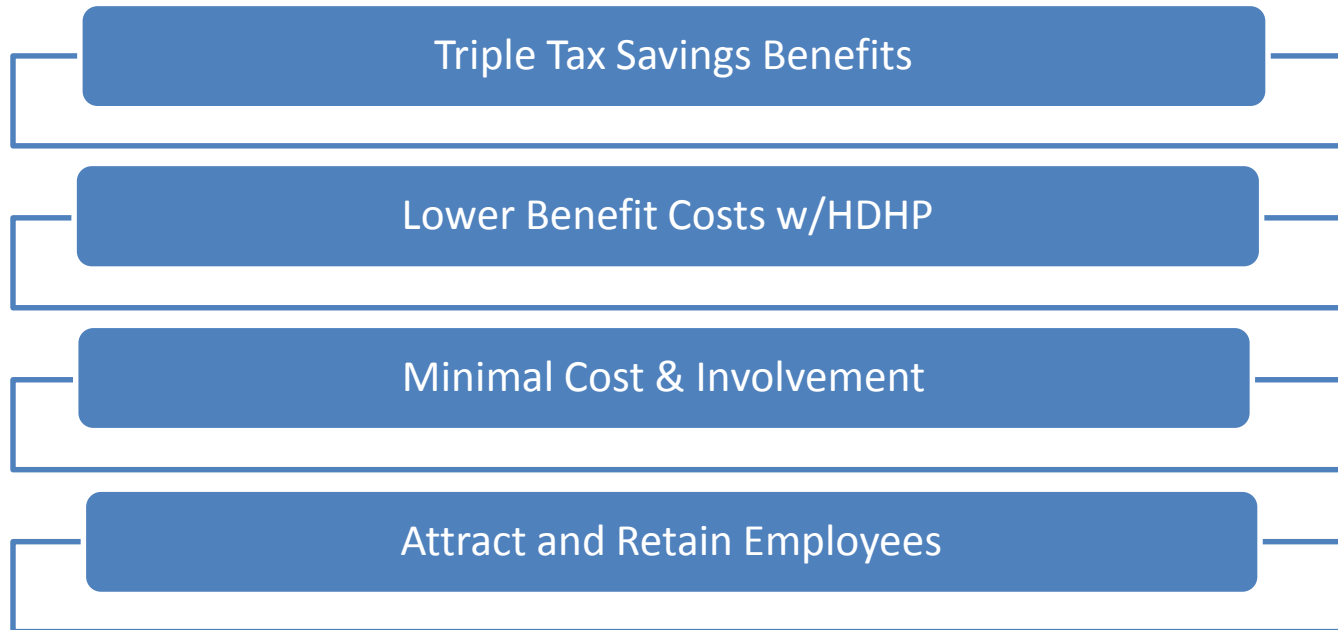
Self-insured



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Benefit Account Strategies: HSA

Strategies: Tax savings, minimal benefit administration, manage healthcare costs, attract and retain employees



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Benefit Account Strategies: HSA

Compatible with Group Health Plan Type:

Requires a Qualified
High Deductible Health Plan



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Benefit Account Strategies:

Plan Designs – FSAs and HSAs

- HSAs can be paired w/Limited-Purpose FSAs
 - Dental and Vision
 - Wellness
- HSAs paired w/FSAs can also offer:
 - Dependent care
 - Transit & Parking
- Maximize tax advantage – HSA & LPFSA
 - Pre-tax up to:
 - \$2,600 into LPFSA, *and*
 - \$3,350/individual or \$6,750/family into HSA
 - \$1,000/individual over 55 years of age
 - \$5,000 for Dependent Care
 - \$255/month *each* for Transit & Parking

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Benefit Account Strategies:

Plan Designs – HSAs and HRAs

Employers can offer HSAs and HRAs

- Underlying health plan **MUST** be a qualified HDHP
- HRA **MUST** have a deductible that meets or exceeds the minimum deductible required
- No first dollar reimbursements allowed from HRA

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Benefit Account Strategies:

Plan Designs – FSAs, HSAs, and HRAs

Employers can offer FSA, HSA, and an HRA!

- Benefit plan must offer at least one qualified HDHP
- For HRA design offered to those contributing to the HSA, must set a deductible that exceeds the minimum HSA required deductible
- Must only offer a LPFSA or LPHRA to those contributing to the HSA... BUT may also offer a full FSA if offering a separate traditional plan

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Pitfalls to Avoid: FSA

- Failure to select the right options
- Failure to distribute SPD (required)
- Allowing ineligible individuals to participate
- Failure to communicate limits
- Failing non-discrimination testing
- Failing to comply with ACA requirements!

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Pitfalls to Avoid: HRA

- Failure to have a Plan Document and distribute SPD to participants
- Failure to file a 5500 (over 100 participants)
- Allowing ineligible individuals to participate in the HRA*
- Failure to combine with qualified health plan, post ACA (Unless it is a QSEHRA)
- Creating too complex of a plan design
- Failure to calculate projected claims based on current utilization
- Failure to install safeguards protecting Protected Health Information (PHI) – resulting in costly HIPAA violations

*See eligibility rules

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HRA
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Pitfalls to Avoid: HSA

- Having an HDHP that is not qualified
- Failing to consider employer and employee contributions together
- Failing to update Section 125/POP plan language
- Failing to ensure no other non-qualified benefits are offered to HSA contributors
- Allowing ineligible individuals to pre-tax their HSA contributions through a 125 plan



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Compliance Central Dashboard


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Getting Started

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Compliance Central Dashboard BECOMPLIANT

Step 1 Tell us about your clients & compliance

Step 2 Generate compliance dashboard for your clients to check potential liabilities

Step 3 Get solution to be compliant for your clients

[GET STARTED »](#)

Individual Compliance Score			
Status	Category	Liability	Score
Red	ERISA	\$10,000	0%
Green	Annual Notices	\$0	100%
Red	HIPAA	\$60,000	0%
Green	Cafeteria Plan	\$0	100%
Green	COBRA	\$0	100%

Overall Compliance

60%

Your Potential Liability is \$ 70,000

Recommended Solutions

- ERISA [Click here for more info](#)
- HIPAA Compliance [Click here for more info](#)

[Buy Now](#) [Request a Call](#)

Welcome to the TASC Compliance Central Board

Visibility is knowledge, knowledge is power and TASC is making it easier than ever to gain visibility into a company's state of compliance. The concept of the Compliance Central Dashboard (CCD) is simple: answer a series of questions, review results, and receive a list of recommended solutions to help avoid fines and penalties for failing to comply with the ever-changing regulations of the IRS and department of Labor.

The dashboard also allows for continued compliance. Answers can be refreshed whenever needed, or as government regulations change or are updated. TASC provides an experienced set of employee benefit and financial experts, a suite of comprehensive and dependable solutions—and now an easy-to-use dashboard for our clients to ensure they will Be-compliant.

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Dashboard

Dashboards can be printed, saved as a PDF, and shared with the client.

Generated results will show level of compliance and potential liability.

Low (or red) scores will highlight recommended services TASC can provide to make client compliant.

The dashboard features the TASC logo at the top left with the tagline "innovative solutions that protect your bottom line and assure peace of mind". The top right corner shows "ABC Company | TASC: 0000-0000-0000 | Exit". A dark blue navigation bar contains a home icon, "Client List", "About CCD", and "Contact Us". The main content area is titled "Compliance Central Dashboard for {{Company Name}}".

Individual Compliance Score

Status	Product & Services	Liability	Score
Red	ERISA	\$10,000	0%
Green	Annual Notices	\$0	100%
Red	HIPAA	\$60,000	10%
Green	HSA	\$0	100%
Green	Form 5500	\$0	100%

Overall Compliance

60%

Your Potential Liability is \$70,000

Recommended Solutions

- ERISA [Click here for more info](#)
- HIPAA Compliance [Click here for more info](#)

[CREATE NEW CLIENT DASHBOARD](#)

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Client List

Dashboards can be saved and searchable by company name, date, compliance % and liability risks.

Manage client dashboards to reassess results and follow-up with clients as needed for ongoing compliance.

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Client List About CCD Contact Us

Client List

[+ CREATE NEW CLIENT DASHBOARD](#)

Company Name [SEARCH](#)

Company Name	Saved Date	Overall Compliance	Liability	Actions
ABC Company	06/22/2016	80%	\$35,000	View Print Delete Re-Assess
Car Deal.in	06/22/2016	100%	\$0	View Print Delete Re-Assess
DEF Towing	06/05/2016	60%	\$40,000	View Print Delete Re-Assess
RTR Digital,LLC	05/04/2016	90%	\$5,000	View Print Delete Re-Assess
STX System,Inc.	06/05/2016	60%	\$4,000	View Print Delete Re-Assess
ABC Company	06/22/2016	80%	\$20,000	View Print Delete Re-Assess
Car Deal.in	06/22/2016	100%	\$0	View Print Delete Re-Assess
DEF Towing	06/05/2016	60%	\$50,000	View Print Delete Re-Assess
RTR Digital,LLC	05/04/2016	90%	\$10,000	View Print Delete Re-Assess
STX System,Inc.	06/05/2016	60%	\$60,000	View Print Delete Re-Assess

1 2 3 4 5 6 » Last

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New TASC/Dickerson Compliance Bundles

- Available now through Dickerson with **discounted pricing**
- Options for every client's needs
 - Suite 1: ERISA+HIPAA+FMLA
 - Suite 2: ERISA+HIPAA+FSA
 - Suite 3: ERISA+HIPAA+COBRA
 - Suite 4: ERISA+HIPAA+COBRA+FSA
 - Suite 5: ERISA+HIPAA+COBRA+FMLA
 - Suite 6: ERISA+HIPAA+COBRA+FMLA+FSA
 - Suite 7: HIPAA+COBRA+FMLA+FSA
 - Suite 8: HIPAA+COBRA

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Next Steps

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Thank you for attending!



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