

Cafeteria Plan Advantages to the Employer

- ⊞ **Save payroll taxes** – You will reduce your Social Security (FICA), workers compensation taxes; federal unemployment taxes (FUTA), and generally state’s unemployment taxes. This usually accounts for a savings of 8% or more on every dollar your employees run through the plan.
- ⊞ **Improve employee morale** – You will increase your employees’ take-home pay.
- ⊞ **Improve your total benefits package** – You will offer your employees and new recruits a better total benefit package.
- ⊞ **Soften the blow of escalating health insurance costs** – A Premium Only Plan will allow your employees to pay for out of pocket premiums on a PRE TAX basis.

MOST IMPORTANTLY...

You can give your employees a raise; your company a tax break, and receive superior compliance service with a section 125 Premium Only Plan by HSA. Your employees are an integral and valuable resource for your company – shouldn’t you offer them the best benefits available?

Who can sponsor a cafeteria plan?

Any employer can sponsor a Premium Only Plan for its employees, regardless of size.

Eligible employers include corporations (“Subchapter S” or “Subchapter C”), partnerships, non-profit organizations, government entities, limited liability companies (LLC), limited partnerships (LLP), and sole proprietorships. Businesses that are under a controlled group may also sponsor a single plan for all of their employees. In most cases principles, owners and Sole Proprietors with no employees cannot participate in these plans. Please check with your tax professional to be certain you are eligible to participate in this plan.

Who does the Compliance Work?

FBD Consulting, Inc., a national Premium Only Plan provider, has been providing compliance work for section 125 cafeteria plans for over 18 years for companies located in all types of industries including: manufacturing, engineering, educational, government, service, and more.

Fees to Participate in this Program

\$50.00 (one time) document preparation fee

\$ 50.00 annual compliance fee

Call HSA at 1-877-777-4414

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HSA FlexPlan



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Employer Copy

A cafeteria plan is a win-win situation for you and your employees.

As health care costs continue to escalate, employers have shifted the burden of these rising costs to their employees through higher premiums. Here's a way to help your employees re-coup some of these higher premiums.

Under Section 125 of the Internal Revenue Code, an employee is allowed to pay for their portion of the group health premiums with tax-free dollars through a Premium Only Plan.

You can save your employees money by allowing them to pay for their health premiums on a Pre-Tax Basis. A section 125 cafeteria plan will allow your employees to save social security (FICA), federal and state taxes while immediately saving you, the employer, social security (FICA), federal unemployment taxes (FUTA), and worker's compensation taxes (where applicable). A Premium Only Plan is a win-win situation for both the employer and the employees.



Actual Tax Savings Examples

1. 4 employees, 2 family coverage, 2 single coverage, 50/50 split

| | Without FlexPlan | With FlexPlan |
|--|--------------------------------------|--|
| Monthly Premium | Individual = \$341 Family = \$877 | Individual = \$341 Family = \$877 |
| Annual Employer Tax Savings (.0765)* | 0 | \$1,118.12 |
| Annual Per Employee Tax Savings (.28)* | 0 | Individual = \$572 Family = \$1,473 |

2. 3 employees, 2 family coverage, 1 single coverage, 50/50 split

| | Without FlexPlan | With FlexPlan |
|--|--|--|
| Monthly Premium | Individual = \$405.71 Family = \$1,036.03 | Individual = \$405.71 Family = \$1,036.03 |
| Annual Employer Tax Savings (.0765)* | 0 | \$1,137.30 |
| Annual Per Employee Tax Savings (.28)* | 0 | Individual = \$682 Family = \$1,740 |

3. 3 employees, 2 family coverage, 1 single coverage, 50/50 split

| | Without FlexPlan | With FlexPlan |
|--|--|--|
| Monthly Premium | Individual = \$518 Family = \$1,354 | Individual = \$518 Family = \$1,354 |
| Annual Employer Tax Savings (.0765)* | 0 | \$1,480.73 |
| Annual Per Employee Tax Savings (.28)* | 0 | Individual = \$870 Family = \$2,275 |

*.0765 is the employer FICA tax savings and .28 is the estimated tax savings for the employee.