

ENRICH YOUR EMPLOYEE BENEFIT PACKAGE AND REDUCE YOUR TAXES TOO

Follow the Road to Savings with:

- Flexible Spending Accounts (FSA)
- Premium Only Plans (POP)
- TakeCare Debit Cards

HOW CAN YOU REDUCE YOUR TAXES AND EXPAND YOUR BENEFITS AT THE SAME TIME?



The IRS has provisions that can save employers and employees money with pretax savings. Sometimes referred to as Section 125 plans or cafeteria plans, Flexible Spending Accounts let employees set aside a portion of each paycheck into an account — before paying taxes. We provide two options to help you take advantage of these savings:

- Premium Only Plan (POP)
- Flexible Spending Account (FSA) - with Health Care Reimbursement & Dependent Care Accounts



FLEXIBLE SPENDING ACCOUNTS

The IRS allows your employees to have a payroll deduction (before taxes) deposited into a special account to pay for two types of expenses not covered by their vision, dental or medical insurance.

Health Care Reimbursement Account

The participant can use the account to pay for over-the-counter medicines, co-pays or co-insurance at the doctor, dentist or pharmacy, chiropractic care, eyeglasses, contacts, LASIK, orthodontics, prescribed weight loss programs, smoking cessation programs, dental expenses and more.

Dependent Care Reimbursement Account

Pretax dollars can be used for child day care, nursery school or adult day care expenses. Qualified expenses include nannies, babysitters, housekeepers and nurses fees for services provided in the home to care for dependent adult or children under age 13. The cost of pre-K or nursery school, before and after school care, and day camp also qualify.



WE MAKE IT EASY TO UNDERSTAND AND IMPLEMENT

We make choosing the right flex account or combination simple. Ask your broker about the right fit for your business, and when you enroll, we will send you a customized Plan Implementation and Administration Kit containing:

- Plan Adoption Agreement
- Plan Document
- Summary Plan Description
- Certificate of Resolution
- Election Forms
- Brochures for employees
- Instructions on signing documents and distributing forms to employees
- Instructions for maintaining your plan
- Simplified explanation of payroll adjustments



Tax Savings Example

	<u>Employee</u>	<u>Employer</u>
Annual Group Insurance Premiums	\$ 6,000	\$500,000
Medical Reimbursement Election	\$ 1,200	\$ 15,000
Dependent Care Election	\$ 5,000	\$ 25,000
Total Pre-tax Election	\$ 12,200	\$540,000
Estimated Tax Bracket	32%	28%
ANNUAL TAX SAVINGS ESTIMATE	\$ 3,904	\$151,200

Annual Group Insurance Premiums: Optional if this is already being payroll deducted pre-tax. For your annual total, multiply your paycheck deduction by the number of paychecks you receive each year.

Medical Reimbursement Election: This is the annual total of all your predictable medical, dental and over-the-counter medications.

Dependent Care Election: This is your annual total of the qualified dollars you spend on daycare for children under the age of 13 or for adult dependent care.



PREMIUM ONLY PLANS

A Premium Only Plan (POP) allows employees to pay for their share of the premium with before-tax dollars. In other words, the money used to pay for those premiums is never taxed!

How does a POP save money?

The plan saves payroll taxes for you, the employer, as well as for your employees. Employers can save about 8% on their FICA payroll tax match. Premiums may include an employee's share of employer-sponsored health, dental, vision and other voluntary plans.

TAKE CARE[®] DEBIT CARD

You can offer a TakeCare[®] Debit Card with an FSA plan. Your employees won't have to pay for the qualified expenses out of their personal funds and then wait for reimbursement. They just swipe the TakeCare[®] Debit Card at the point of purchase, or in the doctor's office and no additional paperwork may be required.

Where is the card accepted?

The card is accepted only at qualified locations, such as healthcare providers like pharmacies, dentist's and doctor's offices, vision care centers, hospitals, etc. These IRS-imposed limitations help to insure that the card is used only when paying qualified expenses.





Did **YOU** know?

Your pre-tax account dollars can be used for everyday items like over-the-counter medicines, chiropractic care, dental cleanings, glasses and office co-pays.

How Does A Flexible Spending Account Save Employees Money?

The portion of salary which an employee directs to the plan is not taxed. The employee saves:

- Federal income tax
- State and local taxes (where applicable)
- Social Security tax (assuming the employee's salary is below the maximum social security wage base)

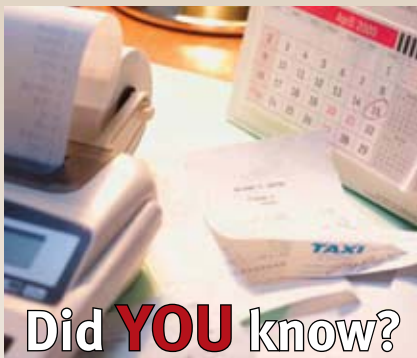


Did **YOU** know?

You can use your "Take Care" VISA debit card for qualified expenses at doctor's offices, pharmacies and daycare facilities.

A WIN-WIN ALL THE WAY AROUND

At last, employers can offer a voluntary benefit with high value and tax savings to both the employee and the company, without adding employee benefit costs. A great way to boost morale, not to mention everyone's bottom line.



Did **YOU** know?

Your FSA reimbursements can be deposited directly into your bank account.



Ask your broker for more information or visit: www.swbenefit.com

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