

## Benefit Plan Designs

**PREMIUM OFFSET PLANS** – Pre-tax treatment of employee's insurance premium contributions.

**FLEXIBLE SPENDING ACCOUNTS** – Pre-tax treatment of employee's out-of-pocket medical and dependent day care expenses.

- **Healthcare Flexible Spending Account (aka Medical Reimbursement Accounts)**

Under Internal Revenue Code regulations an employer can offer employees the ability to pay out-of-pocket medical expenses with pre-tax dollars. The employer saves the FICA taxes for every dollar selected by an employee for this purpose. The employee saves Federal and State Income taxes as well as FICA taxes for every dollar the employee elects for this program.

- **Dependent Care Accounts**

The Federal Government definition of a dependent is as follows: An eligible dependent is any dependent who is less than 19 years old (or 24 if a full time student), resides in the same home as you for more than half the year and your dependent under federal income tax rules. An eligible dependent may also include your mentally or physically impaired qualifying relative who is incapable of caring for himself or herself (for example, an invalid parent).

**HEALTH REIMBURSEMENT ACCOUNTS** – Employers allocate a certain amount dollars for employee benefits.

- **Health Reimbursement Accounts**

The IRS (Notice 2002-45) authorizes the use of Health Care Reimbursement Arrangements (HRA) as an employer funded cost containment vehicle for employee benefits. It is designed to avoid most of the complicated rules that currently apply to medical reimbursement accounts in an FSA. A HRA is funded 100% by the employer and cannot include any employee pre-tax deferrals. Reimbursement from a HRA is made only when an employee has a qualifying expense. An HRA is commonly used by employers to "self-fund" a deductible.

**FULL CAFETERIA PLANS** – Employees allocate flexible employer contributions toward a menu of benefit options, buying the benefits they need most.

Primex<sup>3</sup> has teamed with locally-based Concepts In Benefits to assist its Health members with this dilemma. Together, we can help you evaluate your current benefit plan, and assist you in designing a Flexible Benefit Plan that will best meet the needs of your tax payers and your employees. To learn more about these services, please contact your Member Services Consultant or contact Concepts In Benefits at 1-866-672-2400.