



Smart FSA



Happy Employees are Productive Employees

Smart FSA was developed with this in mind; to help your company maximize its compensation packages in order to attract and retain quality employees, and to do so cost effectively. When your employees utilize Smart FSA, it lowers their taxable compensation as well as your payroll obligation. In fact, the payroll tax savings generated from employees enrolled in Smart FSA often offsets the administrative costs of the program.

A Flexible Spending Account (FSA) is a tax-savings vehicle that allows employees to contribute pre-tax dollars from their earnings to pay for qualified expenses, such as: employer-sponsored insurance premiums, health care expenses, and dependent care.

Common out-of-pocket expenses paid for with Smart FSAs include:

- ✓ Deductibles
- ✓ Co-Pays
- ✓ Coinsurance
- ✓ Prescription Drugs
- ✓ Vision Expenses
- ✓ Dental Expenses
- ✓ Day Care Services

Offering a Smart FSA is a great way to attract talented people, enhance your benefits package, and increase the take-home pay of your employees.

Smart Services™ are the result of the collective resource sharing of the Benefit Advisors Network members.



Smart FSA Saves Your Company Money...

Total Number of Eligible Employees	250
Estimated Number of Smart FSA Participants	125
Estimated Average Monthly Smart FSA Contributions	\$300/month
Monthly Smart FSA Contributions	\$37,500
Total Annual Contributions	\$450,000
FICA	x7.65%
Annual Employer FICA Savings	\$34,425
Estimated Smart FSA Fees	\$9,000
Net Employer Savings	<u>\$25,425</u>

Smart FSA provides the following services:

- » Non-discrimination testing to ensure plan compliance
- » Preparation of the Plan Document and Summary Plan Description
- » Account setup for each participant
- » Instant access to funds through debit cards
- » Employee online access to review account balances
- » Ongoing record-keeping of activities involving employee elections
- » Monitoring of payroll and contribution reports
- » Issue of reimbursement checks and/or direct deposit to employees
- » Quarterly account balance summaries to each participating employee
- » Activity, status and confirmation reports to keep you in compliance
- » Call-center support for participants
- » Annual employee account balance reports, account close-outs and

Types of Reimbursement Accounts

Section 125 of the Internal Revenue Code:

Premium-Only Plan (POP Plan):

This type of plan allows your employees to pay for their employer-sponsored insurance premiums on a pre-tax basis. This allows both your company and your employees to reduce their taxable income.

Medical Reimbursement Account:

This type of reimbursement account is used for paying for medical expenses such as deductibles and co-payments, prescriptions and over the counter medicines, uninsured orthodontia, dental expenses, vision care and supplies such as eyeglasses and contact lenses.

Dependent Care Account:

This type of account is used for tax-free reimbursement of child care or other dependent care expenses.

Section 132 of the Internal Revenue Code:

Transportation Account:

These plans are used to reimburse your employees with pre-tax dollars for qualified parking and transit expenses incurred on or near your business.

Smart FSA is one of many Smart Services™ now available through Benefit Advisors Network.