

SASI

Better Benefit Solutions

Benefit Plans That Save Employers Money

Tax Savings Plans

Flexible Spending Account (“FSA”)

Health Reimbursement Arrangement (“HRA”)

Health Savings Account (“HSA”)

*****For every dollar an employee contributes pre-tax, the employer and employee save on Federal, State, and FICA Payroll Taxes*****



Flexible Spending Accounts

a/k/a Section 125 or Cafeteria Plans

What is a Flexible Spending Account?

A Flexible Spending Account gives employees the opportunity to defer a portion of their income to the FSA that they can then use to pay for health expenses or dependent care. The diverted amounts are not subject to income tax or payroll taxes. That means the employee can use *pre-tax* dollars for these expenses.

Unless the employer offers “first-dollar” group health insurance, including dental and vision coverage, an FSA will allow savings for employees *and* the employer.



What are the annual limits on the deferrals?

➤ Health Reimbursement Plan	\$2,500.00
➤ Dependent Care Plan	\$5,000.00

Advantages of an FSA

The average U.S. family of four can expect to pay about \$3,500 per year on medical expenses. A Health FSA:

- Reduces an employee's taxes
- Increases an employee's take-home pay
- Pays for rising healthcare expenses with *pre-tax* dollars

Example of tax savings using FSA

Monthly Income	\$3,000.00
FSA Contribution	(\$200.00)
Taxable Income	\$2,800.00
Federal, State and FICA Taxes	(\$784.00) (28 % rate)
Monthly Take Home Pay	\$2,016.00
Monthly Savings with FSA	\$ 56.00
Yearly Savings with FSA	\$672.00

What if the Employee added a Dependent Care deferral of \$5,000?

The employee would have additional tax savings of \$1,400 per year.

How does the Employer save money?

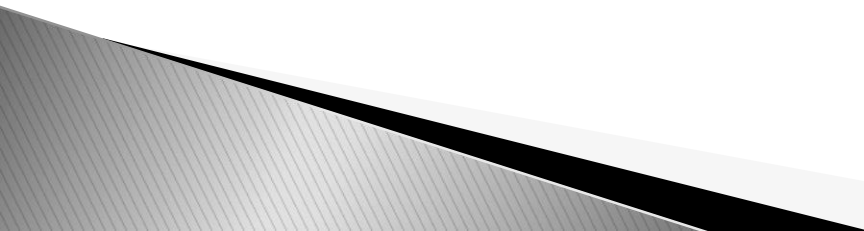
Employee deferrals are also exempt from the employer portion of the FICA and FUTA taxes.

The health deferral of \$2,400 saves the employer \$183.60 (7.65% rate) in payroll taxes.

The dependent care deferral of \$5,000 saves the employer \$382.50.

Health FSA

Employees can use Health FSA deferrals to pay expenses such as these for themselves or their dependents:

- Out-of-pocket expenses like co-pays, coinsurance, or deductibles for health, prescription, dental or vision plans
 - Expenses for a health condition that requires purchase of prescription medications on an ongoing basis
 - Expenses for glasses, contact lenses, or LASIK surgery
 - Expenses for orthodontia, such as braces, or dental expenses not covered by your insurance
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Dependent Care Spending Accounts

An employee can use pre-tax dollars for dependent care expenses incurred while the employee and spouse work, look for work, or go to school.

Eligible Expenses:

- Licensed day care centers, nursery school, or day camp (overnight camp is not eligible)
- Care for a child who is a dependent under age 13, in or outside the employee's home, by someone other than a spouse or dependent under age 19
- Care of a physically or mentally disabled spouse or dependent, provided that the care recipient spends at least eight hours per day in the employee's home

BRAND NEW FOR 2014

FSA Rollover

A Health FSA reimburses an employee in full for expenses incurred up to the annual election. In the past, any money remaining in the employee's Health FSA at the end of the plan year's "grace period" was forfeited.

Now, an FSA can automatically roll over up to \$500 of an employee's Health FSA election to the following plan year if the employee fails to submit claims to cover the full election. This feature replaces the grace period approach.

EXAMPLES

1. The XYZ Corp. Health FSA plan year ends on December 31, 2014, and the deadline for submitting 2014 claims is March 31, 2015. Abe elected to defer \$2,500 to his health FSA for 2014. At the claims submission deadline, his total claims for expenses incurred in 2014 is \$2,300, so he has not used \$200 of his 2014 election. The plan will automatically add that \$200 to Abe's 2015 election, so he can use it to pay claims incurred in 2015.
2. The same facts as Example 1, except that Abe has \$600 of his 2014 election remaining after the claims submission deadline. The plan will automatically add \$500 to Abe's 2015 election, and he will lose \$100.

“Limited Scope” FSA

An employer that does not offer group health cannot offer an FSA that allows the employee to pay expenses covered by health insurance.

The employer can offer an FSA that allows reimbursement for preventive care, dental and vision expenses, OTC medications that are directed by a physician, and premiums for insurance limited to a specific disease, such as cancer insurance.

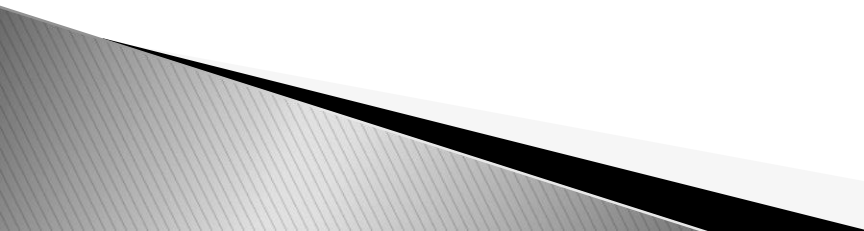
The limited scope FSA can also include dependent care.



Health Reimbursement Arrangement (HRA)

What is a Health Reimbursement Arrangement?

The Health Reimbursement Arrangement, commonly referred to as an “HRA,” is a tax-advantaged benefit plan that provides employees with additional health coverage benefits. The reimbursements provided by the HRA come from the employer, not the employee.

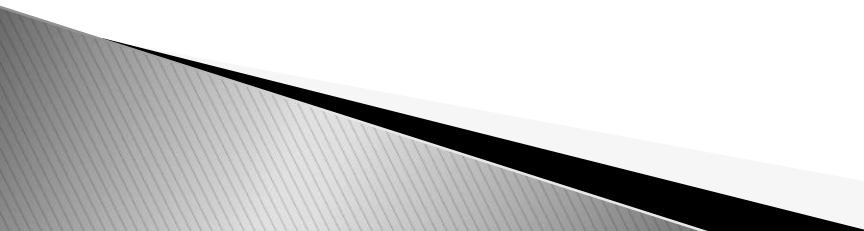


Health Reimbursement Arrangement (HRA)

The rules governing HRAs allows a wide range of nontaxable reimbursements. They are often used to pay deductibles, co-pays, and/or prescription expenses.

One approach is to use an HRA to self-insure a portion of employee health expenses. The employer raises the deductible on its health insurance and often achieves significant premium savings.

The employer then uses an HRA to pay all or a portion of the increased deductible. Usually, the actual outlay is far less than the full exposure.



Health Savings Account (HSA)

What is a Health Savings Account?

A Health Savings Account is an arrangement that allows an employee to defer pre-tax income to his own custodial account. The employee must be covered by a high-deductible health plan (HDHP) that is either group or individual insurance. The employee can then draw funds from the HSA to pay for health expenses not covered by the insurance, such as the deductible.

The employer saves due to lower premiums on the HDHP insurance.

The employer can also offer a limited-scope FSA.



Who makes HSA contributions?

HSA contributions can come from the employer, the employee, or both.


Once the funds are placed in the HSA, they belong to the employee and are portable.

SASI Administration

SASI offers cost-effective, turn-key administration of FSAs and HRAs, with HSAs coming online on 9/1.

Our processes are designed for minimal employer involvement.

We emphasize paperless administration as much as possible, including online enrollment, and also encourage employees to use direct deposit for claims reimbursement.



***SASI* Reimbursement Methods?**

The employee chooses the method that works best to submit claims to *SASI*.



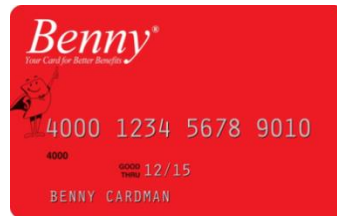
Mail



Fax



E-Mail



Benny Card

(FSA PLANS ONLY)

SASI
Web-site

Upload

SASI Secure Web-site

Once an employee is enrolled, she can log onto the *SASI* web-site to see:

- Personal account balances, payment history, claims status, and historical transactions.
- Forms and the Summary Plan Description (SPD)
- Allowable eligible expenses
- Currents news and events
- Frequently Asked Questions (FAQ)

www.sasiplans.com



Any Questions?

Please call SASI
at 1-800-752-3539
or send an e-mail to
sasi@sasiplans.com