FSAs are cost efficient!

A flexible spending account is a voluntary benefit that is fully funded by employee contributions. In addition to benefiting employees, FSAs are the only employee benefit to offer payroll tax savings to the employer.

Employers are not required to match Social Security, Medicare, or pay Workers Compensation premiums (in Ohio) on contributions employees make to their FSA. The payroll tax savings on employee contributions minimize employer cost.
***Please check with your state to find out if you must pay Workers Compensation premiums.*

FSAs expand the scope of employee benefits without increasing employer costs.

Flexible Spending Account Specialists

FlexBank Administrators
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An Employer's Overview ~ Tax Free Flexible Spending Account (FSA)

FlexBank Administrators — Tax Free Accounts

Competitive Pricing
Full Service

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What is an FSA?

A pre-tax FSA is a non-discriminatory employee benefit designed to take advantage of certain provisions of Section 125 of the Internal Revenue Code. The plan helps your employees purchase certain items on a pre-tax basis. Examples of such items are medical copays, deductibles, prescriptions, doctor office visits, dental expenses, vision expenses, hearing expenses as well as work-related dependent care expenses.

How do Flex Plans work?

Each employee is given the opportunity to elect to participate in the plan. At the beginning of each plan year, each employee decides how much his or her qualifying expenses will be in the coming year. Based on this budgeting process, contributions are then made through pre-tax payroll deduction into their FSA. As expenses are incurred, the employee may request tax-free reimbursements from their account.

Is an FSA right for your company?

The most important factor in determining if an FSA is viable is the total dollar amount of qualified expenses employees choose to run through the plan. Size of the employer is immaterial as it is quite possible to have a small number of employees annually contribute a significant amount of money. To determine if an FSA is for you, you first need to understand “Flex economics”.

What do Flex Plans cost?

The reason you want employees to contribute is basic economics. An employer does not match Social Security, Medicare or pay Workers Compensation premiums (in Ohio) on contributions made by employees to a Flex plan. So ... the more your employees like participating in the plan ... the more money they will contribute ... the more payroll taxes you, the employer, save ... the lower the net fee to administer the plan.

Owners: Only owners who are also employees of a "C" corporation may participate in a Section 125 Plan. *Sole proprietors, partners within a partnership, owners of an LLC (filing as an S or a partnership), owners of an LLP and more than 2% owners of an S-Corporation are prohibited from participating.*
Owners’ Family Members: *Rules of attribution apply to S corporations, thus more than 2% owner’s spouses, parents, children and grandchildren may* ***not*** *participate. Family members of C corporations, sole proprietors and partners in a partnership* ***may*** *participate in the plan.*

The following chart illustrates the difference between a plan that costs the employer and one where the payroll tax savings exceeds the fees.
The difference is all in the amount contributed to the plan.

Frequency of Claims Payment	Daily!	2x per Month
Total Employees	100	100
Average Employee Participation	38%	15%
Number of Participants	38	15
Average Annual Contribution Per Participant	$ 1,133	$ 940
Collective Annual Contributions	$43,054	$14,100
Employer Payroll Tax Savings @ 8%	$ 3,444	$ 1,128
Approximate Annual Administration Fee	$ 2,736	$ 1,260
Net Gain (Cost) To Employer	$ 708	$ (132)
Employee Income Taxes Saved @ 25%	$14,351	$ 4,700

Enrollment is Quick and Easy.

Our employee brochures are user friendly.
FlexBank has created an FSA brochure that is easy to read and understand. It explains simply what tax-free means. It explains IRS rules when using a Flex Plan Account and how to get the most benefit from the Plan.

Our educational presentation is terrific.
Every tax break the IRS gives us has "rules". Nobody likes rules but we need to know how to manage them to enjoy the benefits of a tax free FSA. FlexBank has spent years developing a proven three-step presentation that carefully teaches employees the rules and how to live with them.

FlexBank pays claims every day.
Employees need their money NOW, not next week or next month! That's why FlexBank pays claims every day. It's the single most important factor in obtaining maximum employee contributions.

Walk-ins are welcome at FlexBank.
We are unique in our industry for encouraging your employees to walk into our office and make an on-the-spot withdrawal.

Claims are reviewed immediately upon receipt.
We review claims every day because we pay claims every day.

FlexBank is a full service administrator.
Our list of FSA services is complete. In addition to basic record keeping, claims review and issuing reimbursements, our services include employee brochures, educational meetings, model plans in writing and discrimination testing. We provide everything you need.

TAX FREE ACCOUNTS FlexBank ADMINISTRATORS

FlexBank Administrators is always here to help.

Frequently Asked Questions
See FlexBank.net for more information.

(Q) What paperwork is involved?
(A) The IRS requires that you have a plan in writing and a summary plan description (SPD) that you distribute to each employee. Also, each employee must complete an enrollment form each plan year. FlexBank can provide all of the necessary paperwork.

(Q) Where does the employer deposit employee payroll deductions that are withheld?
(A) You, the employer, will establish a separate checking account for these payroll deductions. As the money is withheld each pay period, it s deposited into this reimbursement checking account.

(Q) How are requests for reimbursement made?
(A) Throughout the year, employees may request reimbursements by submitting a claim form plus itemized receipts for eligible expenses to FlexBank. This documentation can be mailed, faxed, scan/emailed or submitted with FlexBank's mobile site to FlexBank. FlexBank reviews and pays claims daily. The employee may be reimbursed via check or direct deposit. Debit card reimbursement is also available if offered by the employer.

(Q) Must requests for reimbursement be submitted by the last day of the plan year?
(A) No. Participants have up to 90 days after the end of the plan year to make requests for reimbursement.

(Q) What happens to amounts left over in an employee's account if they have not been used during the plan year?
(A) Amounts not used during the plan year cannot be returned to an employee. These forfeitures go to the employer. Most employees do not leave much money in their accounts. There will, however, be amounts left that may be used by the employer to offset plan costs.

(Q) What happens if an employee leaves the company?
(A) 1. The employer must notify FlexBank promptly so that deposits will no longer be credited to the employee's account and reimbursement requests will be limited to dates of service while the employee was employed. 2. If applicable, it is your responsibility to send a COBRA notice enabling the employee to continue the FSA.

(Q) Can an employee change their FSA election?
(A) Yes, but under limited circumstances. Permissible mid-year election changes for the health care FSA are generally based on life events such as marriage, divorce or birth of a child. The work-related dependent care account has different rules. An election may be changed due to a change in cost or change in provider.

(Q) Must an employee's full annual election be available for reimbursement at any time or are reimbursements only made as monies are withheld?
(A) IRS rules for a health care FSA require that the employer make the full annual election available for reimbursement throughout the year regardless of how much an employee has contributed to date. This rule has caused some concern by employers. Although collectively employees may contribute a considerable sum into their health care FSAs, most health care FSAs are for fairly small amounts. An employer's exposure to loss is therefore relatively small. In addition, negative balances for terminating employees are offset by the payroll tax savings from the entire plan and any amounts participants forfeit at the end of the plan year. Please note, the IRS does not permit employers to recoup overdraws from terminating employees. This rule is not an issue in work-related dependent care accounts as reimbursements are only made as contributions are deposited.

(Q) Must an employer have a group health plan in order to offer an FSA?
(A) The Affordable Care Act (ACA) includes the provision that if you do not have a group health plan, you cannot offer a medical FSA. However, you could offer one for dental, vision and work-related child care reimbursement.

TAX FREE ACCOUNTS FlexBank® ADMINISTRATORS

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