

Flex Plan News

Benefits News for Administrators

February 2008

Reminder of FSA Claim Deadlines for Calendar Plans

For calendar year plans, the 90-day claim runout period ends on Monday, March 31. Participants should turn in claims no later than March 31 for reimbursement from 2007 plan year contributions. Of course, all expenses have to have been incurred during the plan year (or, if applicable, the 75-day grace period ending March 15) to be eligible for reimbursement.

Participants should not wait until the last minute, since in some cases additional information or documentation may be needed. Once ProBenefits has processed all 2007 claims, a final Account Balance Report will be provided for the 2007 plan year.

What Are The Top 4 Claims Problems?

Quick and accurate claims processing is an important part of our client service goal at ProBenefits, but we must adhere to all IRS requirements to keep your plan legally compliant and audit-ready. There are a few recurring items that can delay claim approval and reimbursement for FSA and HRA claims.

- 1) No Date of Service – Often we are given the date of *payment*, but we need the date of *service*.
- 2) No Signature on the Claim Form – Surprisingly, this is one of the top reasons for delay. IRS regulations require the participant's signature as certification of the claim.
- 3) Invalid Documentation – Proper documentation for reimbursement includes: (1) type of expense; (2) value of expense; and (3) date expense was incurred. A cancelled check or credit/debit card voucher does not properly validate an eligible expense. IRS rules require the above info for claim approval.
- 4) No Amount Given – The claim form must show the total amount requested for reimbursement.

With the year-end claims push to avoid forfeitures, we typically see an increase in deficient claims. Please encourage participants to give their claims a "4-Point Inspection" before submission. Thanks!

Pre-Tax Premiums: What Can Be Included?

A common question from employers is: "We understand that with a Section 125 plan in place we can allow employees to pre-tax medical or dental insurance. What other benefits may be pre-taxed through the plan?"

Below is a list of benefits currently available for pre-tax treatment under a flex plan (either a premium-only plan or an FSA plan). Note that this is a summary list, and each different benefit includes separate considerations.

Pre-Tax benefit options: (1) *group health insurance*, (2) *group dental insurance*, (3) *group term life insurance* (for premiums on coverage up to a maximum of \$50,000; all additional should be paid post-tax); (4) *group disability insurance* (*note:* when premiums for disability insurance are paid pre-tax or fully paid by the employer, any subsequent benefit is taxable to the employee); (5) *certain supplemental products, including AD&D coverage or Prepaid Vision Plans*; and (6) *Health Savings Accounts* (employee contributions).

Of course, when premiums for any benefit are run through a flex plan, those premiums are tax-free to the employee and also create FICA tax savings for employers on every dollar pre-taxed. If you have a question about whether premiums for a specific benefit may be included, contact your benefits advisor or ProBenefits.

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2008 IRS Maximums & Limits for Welfare Benefit Plans

Cafeteria Plans:

Dependent Care Assistance Plans (Dependent Care FSA) annual maximum:	\$5,000.00
Health FSA annual maximum:	Chosen By Employer
Medical mileage rate to obtain medical care (reimbursable by a Health FSA):	\$.19 per mile
Compensation amt for determining Highly Compensated Employee:	\$100,000.00
Compensation amt for determining Key Employee (<i>officers/owners earning over</i>):	\$150,000.00

HSA Plans:

Minimum annual HDHP deductible – Single	\$1,100.00
Minimum annual HDHP deductible – Family	\$2,200.00
Annual HSA Contribution Limit – Single	\$2,900.00
Annual HSA Contribution Limit – Family	\$5,800.00
Plan Out-of-Pocket Max for HSA Eligibility – Single	\$5,600.00
Plan Out-of-Pocket Max for HSA Eligibility – Family	\$11,200.00
Annual HSA Contribution Limit – Age 55+ catch-up	\$900.00

Other (Fringe Benefit Plans):

Qualified Transportation benefits	
monthly parking	\$220.00
monthly transit/commuter vehicle	\$115.00
Adoption Assistance	\$11,650.00
Educational Assistance	\$5,250.00 (anticipated)

New and Improved ProBenefits.com

If you have not visited the new ProBenefits.com, make sure to check it out. We have improved the appearance and navigation of the main site, and are in the process of adding more administrator and participant information.

The Benefits Portal continues to be a significant resource for administrators and participants for account tracking, plan details and reports, and other valuable information. If your plan has a Flex Debit Card, we have recently added details about debit card transactions, with more to come in the near future. Please contact us with any questions or if you need assistance using the site or logging in for the first time.

Your Question Answered: From A Company Administrator: "Should I let ProBenefits know when an employee terminates or joins the plan?"

Yes. Whether your plan is an FSA plan, premium-only flex plan, or HRA plan, ProBenefits is tracking the active plan participants as part of our administrative services. Individual participant info is used for account tracking and reimbursement, discrimination testing (where applicable), and billing. As soon as an employee meets eligibility requirements to enroll in the plan or terminates plan participation, you should contact your ProBenefits administrator with the relevant details. The best way to report a new enrollee is to submit a Status Change Form. The best way to report a terminating employee is to submit a Termination Notice Form. Visit our web Administrator's Guide for more info, including a copy of the forms: www.ProBenefits.com/Administrators/Flex-Administrators-Guide.html.

Your ProBenefits administrator will also assist with questions regarding mid-year changes and whether those changes constitute eligible status changes under IRS rules. IRS rules are strict that participants may not make mid-year election changes without an approved qualifying event (typically a family status change or event affecting employment of employee or spouse). These changes can be complicated in some instances. As you work to process mid-year changes requested by participants, feel free to use ProBenefits as a reference source to help maintain plan compliance.

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