



# Workforce Benefit Solutions

## Cafeteria Plan (Section 125 Plan)

A Cafeteria Plan, sometimes referred to as a Section 125 Plan, is a reimbursement method based on Section 125 of the IRS Code. The plan allows employees to contribute a certain amount of their gross (pre-tax) income to a certain account (or accounts). This account is used to reimburse the participating employee for qualified expenses such as insurance premiums, medical care, or dependent care.

A 125 Cafeteria Plan can help both the employer and employee save money. Since employee taxable income is reduced, employees see an increase in take-home pay (savings equal approximately 25-40% of every dollar). While the employer saves tax dollars on the employee's contributions (FICA, FUTA & SUI), the employee's pre-tax benefits aren't subject to Federal, NY State, and FICA tax.

## Premium Only Plans (POP)

Premium Only Plans are established to pay for employer-sponsored benefits on a pre-tax basis. With a POP, employees set aside money each pay period that can be used for medical, dental, vision, group term life insurance, and voluntary supplemental insurance.

## Flexible Spending Accounts (FSA)

A Flexible Spending Account (FSA) is a type of cafeteria plan. Employees agree to reduce their salary in order to contribute pre-tax dollars to the FSA reimbursement fund. This account is then used to pay for out-of-pocket health care expenses, dependent care assistance, adoption assistance, and medical care reimbursements.

## Dependent Care Assistance Plan (DCAP)

An employer can set up a Dependent Care FSA account to allow employees to set aside money from each paycheck before taxes to pay for qualified dependent care expenses, including daycare, before & after school care, preschool, elder care, etc. Employees may fund up to \$5,000 tax-free towards dependent care contribution.

## Health Savings Accounts (HSA)

When taxpayers enroll in a high-deductible health plan, they can take advantage of a Health Savings Account, a tax-advantaged health plan. The funds they contribute to this account aren't subject to federal or state income tax at the time of deposit. Unlike a Flexible Spending Account (FSA), 100% of the funds roll over and accumulate year to year if not spent.

## Qualified Small Employer Health Saving Account (QSE-HRA)

QSE-HRA allows employers to offer their employees an attractive benefits package on any budget. Effective January 2017, legislation allows for employers to help their employees pay for qualified medical coverage for themselves and their family on a tax-free basis. The predetermined annual benefit allowance is tax-free to the employees and 100% tax deductible to the employer.

## Health Reimbursement Accounts

Meet the healthcare needs of your employees with flexible HRA plan designs

