Flexible Benefit Plans
From Sterling HSA

Flexible Benefit Plans from Sterling Health Services Administration give you and your employees another great way to pay for healthcare costs and realize substantial tax savings. Through employee salary redirection, employees purchase “qualified benefits” that may not be included in their gross income. They use the tax-advantaged money to pay for qualified medical expenses, dependent care, and transportation costs.

Sterling Offers

• Healthcare Flexible Spending Accounts (FSAs)
• Limited Purpose or Post Deductible FSA to coordinate Healthcare FSAs with other plans
• Dependent Care Flexible Spending Accounts (FSAs)
• Transit & Parking Benefits
• Individual Insurance Premium FSA

Why Sterling?

• Leaders: We’re a leading administrator of consumer directed healthcare services that put our clients in control of healthcare spending and in touch with resources to manage their money and their health.
• Expertise & High Touch Service: We provide expert education and superior execution because we know the health insurance and financial industries. We provide high touch customer service online, on the phone and in person.
• Compliance Specialists: We have the expertise to make sure benefits plans are fully compliant with industry and IRS regulations. We eliminate the worry by delivering services only available from a company with expertise in health insurance and healthcare financing products, including Form 5500 Filing, ERISA Wrap and nondiscrimination testing services.
• One-stop Shop: Our full product suite makes it easy for you to get health services administration from one company - Sterling Health Services Administration.
• The Right People: Our sales team and customer service professionals are available wherever you need us. We provide plan set-up, enrollment, and day-to-day account management help in person, on the phone, via email, and via many online tools at www.sterlinghsa.com.

Healthcare FSAs

With a Healthcare FSA, employees can be reimbursed for medical expenses not covered or reimbursed by other insurance or plans like health savings accounts (HSAs) and health reimbursement arrangements (HRAs). All expenses must be qualified medical, vision, pharmacy or dental benefit expenses as defined by Section 213(d) of the IRS Code. Under healthcare reform, expenses for over-the-counter medications are no longer eligible for payment or reimbursement from any of these healthcare accounts, except with a doctor’s prescription.
All medical care expenses must be incurred during the plan year and the “use it or lose it” rule applies to any funds not spent before the end of the plan year. Funds may also be forfeited if employees leave the company.

Starting in 2013 under healthcare reform, a Healthcare FSA annual contribution maximum of $2,500 will be imposed. Healthcare FSAs with a plan start date or renewal date on or after January 1, 2013 will be limited to this annual maximum contribution amount. If the employer is contributing to the Healthcare FSA, there is no limit to what they can contribute up to and beyond the $2,500 limit.

We also work with employers to set-up a Limited Purpose or Post Deductible FSA and coordinate payment of qualified expenses from the FSA with other plans.

**Dependent Care FSAs**

Dependent Care FSAs allow employees to accumulate pre-tax funds to reimburse for qualified childcare expenses or day care expenses for a disabled or elderly/disabled dependent. If married, employees generally must have a working spouse to qualify for a Dependent Care FSA.

The IRS limits the maximum annual contribution to $5,000 ($2,500 if married and filing separately). Other IRS restrictions may apply. Dependent Care FSAs are also subject to the “use it or lose it” rule. Expenses must be incurred in the plan year. Funds do not roll over to the next plan year and may be forfeited if an employee leaves the company.

**Transit & Parking Benefits**

Employees set aside pre-tax compensation in two categories – transit and parking. Transit includes qualified commuter expenses such as the use of mass transportation (train, subway, bus, commuter highway vehicle, transit passes) and qualified bicycle reimbursement. There is no “use it or lose it” rule and unused funds roll over at the end of a plan year. Transit and parking maximum contributions are set by the IRS and are generally adjusted annually for inflation. Currently the limits are $245 monthly for transit, $245 monthly for parking, and $20 monthly for bicycle commuting.

**Individual Insurance Premium FSA**

The Individual Insurance Premium FSA allows employees and covered tax dependents with individual (non-group) health insurance to set aside money in an account similar to the Dependent Care FSA to pay premiums on a pre-tax basis. To qualify, the health plan premiums must be billed to the employee, not COBRA or any other group plan. Examples of eligible policies include health, accident, dental, hospital, or cancer insurance. Any premium that has already been pre-taxed does not qualify for this plan. For example, a premium deducted from a spouse’s payroll or a retirement check.

Employers set the maximum contribution amounts. Only expenses incurred during the plan year can be reimbursed. Any amounts paid by an employee for future or projected expenses are not eligible for reimbursement until after services have been rendered and the expense has been incurred. Plan dollars must be used within the plan year or the established grace period since the “use it or lose it” rule applies.

**Flexible Benefit Plans Advantages to Employers & Employees**

- Employees can reduce taxable income and use the savings to pay for qualified expenses. Tax savings
include federal income tax, and in most jurisdictions, state and local income taxes. In addition, employees do not pay Social Security and Medicare tax on the amount excluded from income.

- When salaries are reduced, benefits costs go down for employers, including the employer portion of Social Security and Medicare tax, unemployment and workers compensation, short and long term disability coverage, life insurance, and pension.
- Healthcare FSAs can be set up without a health insurance plan so more employees can participate. Both employers and employees may contribute to the Healthcare FSA and Transit/Parking benefit. Only employees may contribute to the Dependent Care FSA.
- With few exceptions, most employees can participate in an FSA. Exceptions include partners in a business, members of LLCs, and shareholders who own 2% or more in S-corporations. FSAs cannot discriminate in favor of highly compensated employees. Annual nondiscrimination testing offered by Sterling is required with FSAs to insure compliance.

**Sterling Flexible Benefit Plans Services**

- Hands-on plan set-up and administration, employer needs assessment, plan development and enrollment
- Plan document preparation, including corporate resolution, adoption agreement, and Summary Plan Description (SPD)
- Participation in employee enrollment meetings
- Issuance of debit cards
- Healthcare expense claim review and payment of bills to providers or as reimbursement to the employee
- FSA participants can connect their health plan explanation of benefits (EOBs) with their FSA account for an online, single-source view of medical claims and to make payments or reimburse themselves using funds available in their FSA. There is an additional fee for this service.
- Coordination of the Healthcare FSA with other plans (with proper documentation)
- Annual nondiscrimination testing to insure compliance
- Monthly reporting to employers and quarterly reporting to employees
- Prepare Form 5500 for FSA clients with 100 or more employees enrolled in the FSA. Prepare ERISA Wrap plan documents necessary for employers with large and small groups to comply with ERISA relating to their Welfare Benefit Plans. The Wrap documents are completed at the beginning of the plan year and the Form 5500 filing is done at the end of the plan year. The Wrap documents are not required, but by adding this service employers avoid the need to file Form 5500 for each of their plans (medical, dental, and vision). There is an additional fee for the ERISA Wrap and Form 5500 filing services.
- Scan and archive of FSA claims and reimbursement documents in the event of an audit
- Updates on industry trends and changes from our team of industry experts
- Provider fee negotiation through Medical Cost Advocate for participants
- Money back guarantee of up to one year of monthly fees paid, if our clients are dissatisfied with our service
- Personal customer service on the phone and via email at 800-617-4729 or customer.service@sterlinghsa.com.
- Online access to account information, educational information and forms available at www.sterlinghsa.com

**Call Us Today to Learn More About Our Flexible Benefit Plans!**

Call or email your Sterling Sales Representative today to talk with us about adding Flexible Benefit Plans to your benefits package. For more information, go to [www.sterlinghsa.com](http://www.sterlinghsa.com), call us at 800-617-4729, or email us at [customer.service@sterlinghsa.com](mailto:customer.service@sterlinghsa.com). Join us at [www.Facebook.com/SterlingHSA](http://www.Facebook.com/SterlingHSA) or at [www.sterlinghsa.com/blog](http://www.sterlinghsa.com/blog).