

Premium Only Plan

- Pretax payroll-deducted employee paid insurance premiums.
- If a group enrolls with any of the group or voluntary products offered by Southern National Life Insurance Company Inc., the plan document and annual fees are waived. (Voluntary AD&D is not eligible for the fee waiver.)
- Fees
 - Plan Document/Summary Plan Description Fee: \$350
 - Annual Fee - Services to include full support to group of administrative guidelines and procedures for maintaining a compliant Section 125 Plan.

Number of Participants:	1 – 10 Participants	\$ 75
	11 – 15 Participants	\$ 150
	16 – 30 Participants	\$ 200
	31 – 50 Participants	\$ 350
	51 – 75 Participants	\$ 450
	75 + Participants	\$ 500

Flexible Spending Account

- Pretax payroll deductions of employee insurance premiums; and a flexible spending account to help with costs associated with qualified expenses for medical reimbursement of expenses not covered by insurance and dependent care assistance.
- If a group enrolls with any of the group or voluntary products offered by Southern National Life Insurance Company Inc., the set-up and annual fees are waived. (Voluntary AD&D is not eligible for the fee waiver.)
- Fees
 - Initial Plan Set-Up Fee: (includes Plan Document/Summary Plan Description) \$500
 - Annual Fee: \$250
This fee covers the revised plan document/summary plan description, website maintenance, and plan updates/notifications during the plan year.
 - Monthly Fee Per Participant

Premium Only	\$0.00
Medical Reimbursement Plan	\$3.50
Dependent Care Assistance Plan	\$3.50

Easy access 24/7 for our Employers and their Employees

- For Employers – www.eflexonline.com
Employer reports, participant account balances, disbursement registers
- For Employees – www.ezflexplan.com/bcbsla
Account balances, claims status, claim entry, eligible items for reimbursement

We offer compliance testing at no extra charge as well as enrollment and administration support, complete with quality customer service.



Next Steps

To enroll your group, please complete the Implementation Checklist attached and return to the address indicated on the form. Once received, we will provide the forms to begin your enrollment.

If you have any questions, please contact your Blue Cross Regional Office or our Section 125 Benefits Administration Department at 800.376. 7734

Advantages to an Employer

- ▶ **Save Payroll Taxes** — You will save 8% on every dollar your employees redirect to the Flex plan. (This is true for employees earning less than the maximum amount taxed for social security.)
- ▶ **Increase take-home pay** — You can increase your employees' share of insurance premiums without reducing their take-home pay.
- ▶ **Cushion insurance rate increases** — Many employers are changing coverages and/or passing increases along to employees. A Flex plan can be implemented with a change, and lessen the impact on an employee's paycheck.
- ▶ **Lower your health insurance costs** — An employer's insurance cost can be lowered by coordinating changes to your insurance plan with the installation of a Flex plan.
- ▶ **Cut your retirement plan expense** — Since profit sharing, 401(k) and pension plan contributions are based on employees' taxable salaries, your retirement expenses may be reduced.
- ▶ **Save on other insurance premiums** — Contributions for other coverages (like workers' compensation or disability) may be reduced because they are based on employees' taxable salaries.
- ▶ **Plan administration fees are deductible** — Administrative costs are tax deductible and can be paid by you and/or your employees. Fees can even be collected by payroll deduction on a pre-tax basis.

Employer Tax-Savings Example



Example of Employer Savings		
XYZ Company has 10 Employees	Without an FSA Plan	With an FSA Plan
Annual payroll	\$ 300,000	\$ 300,000
Employee-Paid Premiums	0	-24,000
Unreimbursed Medical Expenses	0	-3,000
Dependent Daycare Expenses	0	-10,000
Taxable Payroll	\$ 300,000	\$ 263,000
FICA Tax (7.65%)	\$ 22,950	\$ 20,120
Savings	0 \$	2,830

Employee-Paid Premiums: Based on insurance premiums averaging \$200 per month per employee.

Unreimbursed Medical Expenses: Based on four employees contributing an average of \$62.50 per month.

Dependent Daycare Expenses: Based on two employees contributing an average of \$417.00 per month.

Note: Actual savings may vary depending upon specific tax situation. Social security benefits could be affected.



Select Plan: Premium Only Plan Flexible Spending Account Plan

Please complete the following and return to the address or fax below.

NOTE: Incomplete information could result in delay of implementation of your plan.

1. Employers Complete Name: _____
2. Employers Address: _____
Telephone Number: _____ Fax No. _____
Email Address: _____
Primary Contact Name/Position _____
3. Employer Tax ID Number _____
4. Section 125 Cafeteria Plan Effective Date ____/____/____
Is initial enrollment a Short Plan Year? Yes No
5. Plan Year: Begin: ____/____/____ End: ____/____/____
6. Does your company have an HSA plan? YES NO
If yes, will the HSA contributions be payroll deducted pre-tax? YES NO
7. Does your company have a COBRA Administrator? Yes No
8. Are you enrolling or currently enrolled in our:
Group term life? Voluntary Product(s)? Group Health?

For Flexible Spending Account Plan ONLY....

9. Medical Reimbursement Plan Maximum: \$_____
10. Pay Schedule: Monthly (12) Semi-Monthly (24) Bi-weekly (26) Weekly (52)

All participants in Section 125 Plan must be employees. Proposed regulations define the term employees to exclude self-employed individuals. Thus, partners, the owner of a sole proprietorship, or shareholders in a Subchapter S Corporation who own more than 2% of the stock of the corporation cannot participate in the cafeteria plan. However, partnerships, sole proprietorships and Subchapter S Corporations are not prevented from sponsoring a cafeteria plan for the benefit of the common law employees.

Regional Office Representative: _____ Producer/Agent: _____

