

HOW WILL MY SECTION 125 BENEFIT MY EMPLOYEES?

Follow this example to learn how Section 125 can increase your employee's take home pay.*

	WITHOUT SEC. 125	WITH SEC. 125
Monthly Salary	\$1,600	\$1,600
Flex Dollars	—	\$400
Taxable Income	\$1,600	\$1,200
Income Tax	\$ 240	\$180
State Tax	\$128	\$96
Social Security	\$122	\$91
Income After Taxes	\$1,110	\$833
Med. Premium	\$150	\$0
Med. Expenses	\$50	\$0
Dependent Care	\$200	\$0
Take Home Pay	\$710	\$833
Net Increase		\$ 123
Pay Periods		x 12
Annual Increase		= \$1,476

EMPLOYER'S SAVINGS

\$400 x 12 mos. = \$4,800 x .0765 = **\$367**

**This worksheet is for illustration purposes only. Actual savings may differ.*

THIRD-PARTY ADMINISTRATIVE SERVICES

With FlexSystem's third-party administrative services, you and your employees receive all the benefits of a Section 125 Cafeteria Plan, and we handle the administration. Some of the benefits of using FlexSystem include:

FULL WEB SERVICES

Participants can enroll, check account balances, submit reimbursement requests, address changes, and much more on-line. Clients can manage enrollment, check payment history, view and modify Participant information and manage their payroll verification data on-line.

TIMELY REIMBURSEMENTS

Reimbursement requests are processed on a daily basis. In addition, to standard check reimbursements, we offer reimbursements through direct deposit and claim card transactions.

TOLL-FREE PHONE ASSISTANCE

Customer Services will answer employee and Client questions pertaining to any administration needs throughout the Plan Year.

SECTION 125 PLAN COMPLIANCE

We perform the non-discrimination testing and prepare the Form 5500 (when necessary), and ensure that your Plan is HIPAA compliant.

AUDIT GUARANTEE

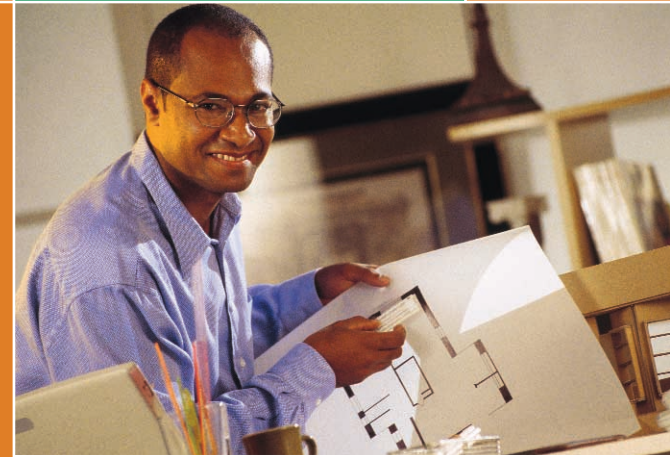
FlexSystem will support and assist any enrolled employer or participant who has his or her FlexSystem Section 125 Cafeteria Plan challenged by the IRS and has adhered to our plan procedures and parameters. Contact FlexSystem for additional information regarding our Audit Guarantee.



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FlexSystem™



**SAVE AN AVERAGE OF
 \$300 PER EMPLOYEE
 IN PAYROLL TAXES!**

WHAT IS A SECTION 125 CAFETERIA PLAN?

A Section 125 Cafeteria Plan provides the option for employees to select certain benefits normally paid on an after-tax basis and, through salary reduction, pay for these benefits on a pre-tax basis. The result is tax savings for you and your employees!

HOW DOES A SECTION 125 PLAN WORK?

Section 125 plans can be structured to include a variety of benefits. The most common benefits include:

PREMIUM CONVERSION PLANS

These plans are for medical or health related insurance benefits. Enable employees to pay their share of health insurance premiums with pre-tax dollars.

MEDICAL FLEXIBLE SPENDING ACCOUNTS

Allow employees to pay for eligible medical expenses, such as insurance deductible and co-payments on a pre-tax basis.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

Enable employees to pay for dependent care expenses on a pre-tax basis.



HOW WILL MY COMPANY BENEFIT FROM A SECTION 125 PLAN?

Section 125 offers employees and employers a win-win situation when it comes to saving money. By offering Section 125, employers are able to realize a number of benefits including:

REDUCED PAYROLL COSTS

Social Security contributions are reduced for each dollar of employee participation!

COST CONTROL

An employer can control the company's share of medical costs, without limiting employee choices.

ADDRESS THE NEEDS OF A DIVERSE WORKFORCE

An employer can offer individually tailored benefits at little or no additional cost to the company.

RECRUIT AND RETAIN QUALITY EMPLOYEES

An employer is viewed in a positive light by current and prospective employees because a benefit package is being provided with the employee's interests in mind.

BRING A LITTLE FLEXIBILITY TO YOUR COMPANY WITH FLEXSYSTEM.

EMPLOYER SAVINGS WORKSHEET

This worksheet will show you the savings that can be realized with a Section 125 Plan. This is for illustration purposes only. Actual savings may vary. To estimate the potential payroll savings, determine the total number of employees under the following categories:

_____ Number of Single (no children)
_____ Number of Family (single or married with children)

A ESTIMATED HEALTH PREMIUMS

Total Monthly Amount Paid by Eligible Employees
Total of A \$ _____

B ESTIMATED ELIGIBLE MEDICAL EXPENSES

Number of Singles x \$10/month = \$ _____
Number of Families x \$25/month = \$ _____
Total of B \$ _____

C ESTIMATED DEPENDENT CARE

Number of Families x 20%* x \$250/month = \$ _____
Total of C \$ _____

D CALCULATED SAVINGS

Totals of A, B & C \$ _____
x 8%**

ESTIMATED POTENTIAL PAYROLL SAVINGS

\$ _____

* The 20% represents the average number of eligible employees who utilize the dependent care benefit.
**The 8% represents the employer's social security contribution and in some cases SUTA and FUTA taxes.