

Several circles of varying sizes and shades of blue and white are scattered across the top half of the blue background.

Are Your Workers Taking Advantage of Their Employee Benefits?

Benefit Resource eBook

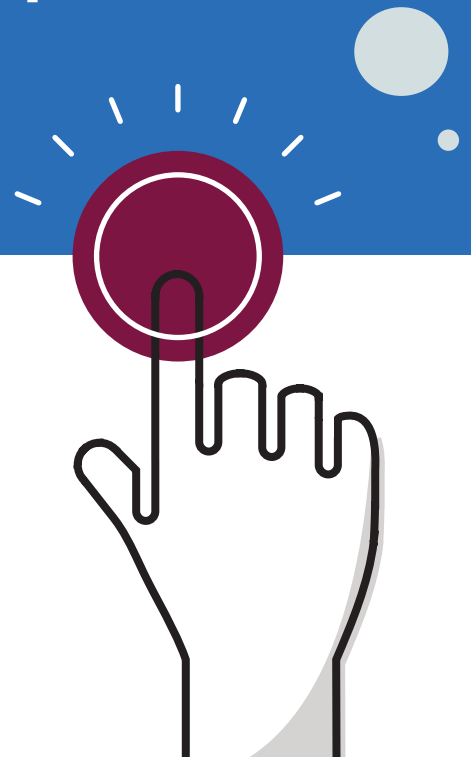


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WHAT ARE PRE-TAX EMPLOYEE BENEFITS?

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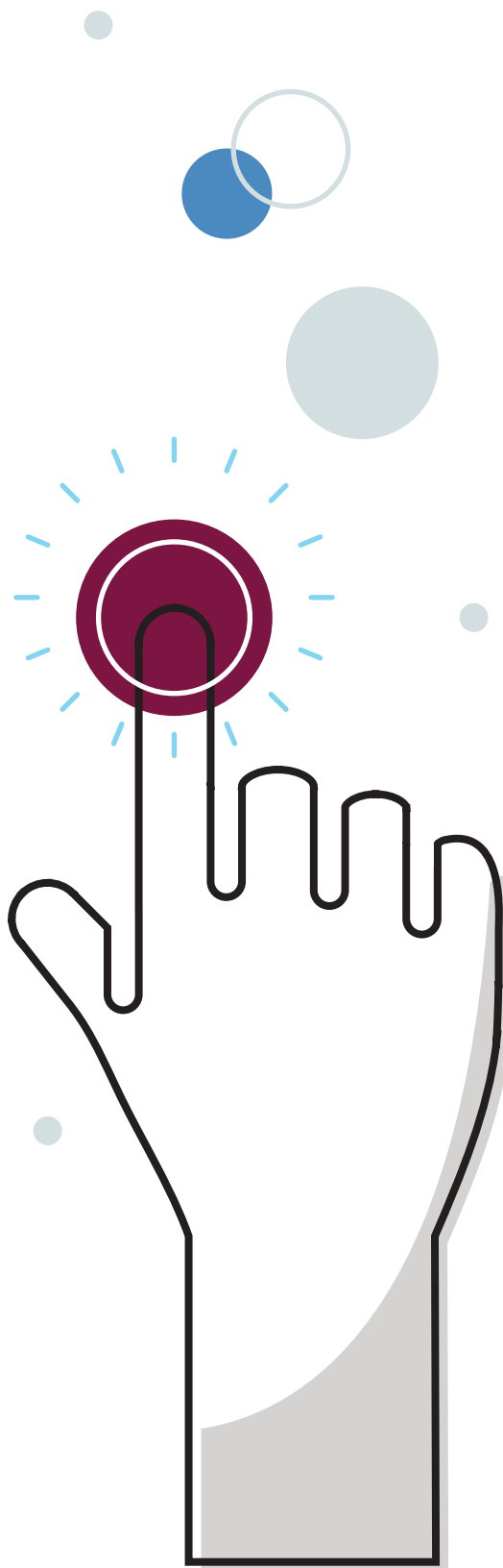
Pre-tax employee benefits, such as Health Accounts and Commuter Benefit Accounts, save money through pre-tax contributions, reducing taxable payroll liabilities dollar-for-dollar while lowering employees' taxable income. Increasingly popular, pre-tax employee benefit plans offer incentives that help your company attract top talent, keep worker morale high and ensure a healthy work environment.

Yet these benefits can only come to fruition if workers take advantage of the available programs, and that's not always the case. Oftentimes, the problem stems from a lack of awareness or clarity.

To shine some light on this issue, we surveyed more than 3,000 employees and active participants from across the country, inviting them to "Test their Knowledge" of their pre-tax benefits. We found that while people generally have a good grasp of the basic components, restrictions and eligibility of their pre-tax benefits, there are still gaps in understanding that employers' communication efforts can bridge.

Key:

- **Correct answer is highlighted.**

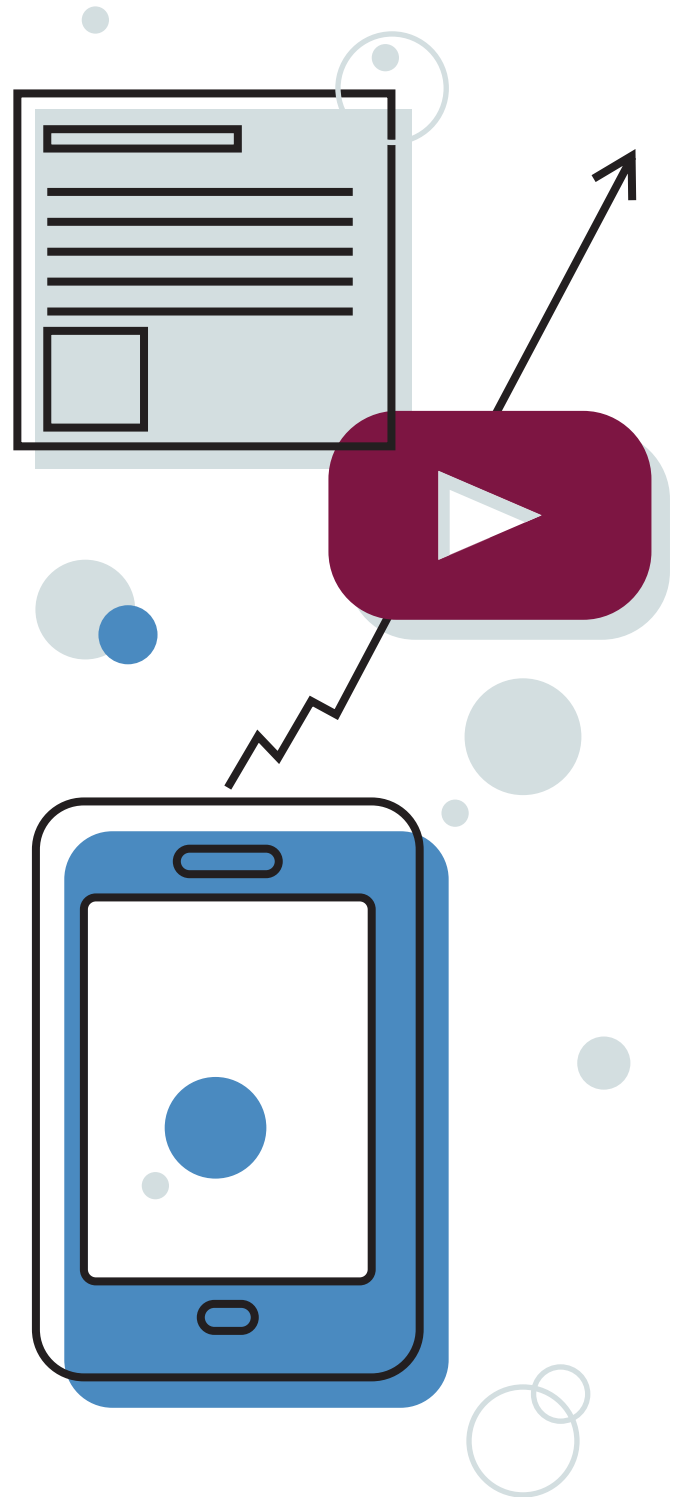




Considering their flexibility and savings, it's no surprise adoption rates for pre-tax employee benefit plans have grown in recent years. These incentives, coupled with tools like mobile apps, educational videos and blogs, have boosted engagement and encourage greater participation in these consumer-directed benefits.

For example, after being introduced in 2003, Health Savings Accounts have grown tremendously in the years since, with a recent **20 percent surge** in HSA accounts from 2015 to 2016.

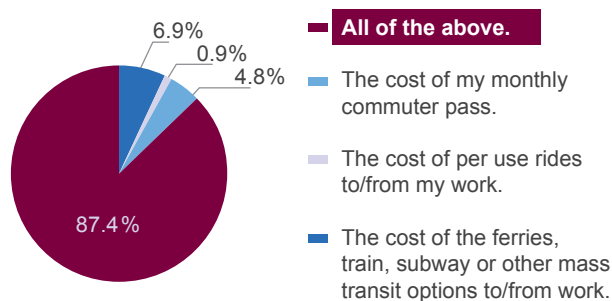
Additionally, federal, state and local governments are eagerly passing legislation to further encourage adoption of pre-tax benefits. Congress recently passed the **21st Century Cures Act**, which expands the use of HRAs by small businesses to assist their employees in paying the cost of health care. New York City's **Commuter Benefits Law** requires organizations with 20 or more full-time employees to offer pre-tax transportation benefits. Washington D.C. and San Francisco also have similar laws in place.





Commuter Benefit Plans (CBP) are surging in popularity. CBPs give employees the opportunity to save up to 40 percent of their contributions before taxes. Our results found that a high percentage of respondents had a strong understanding of what CBPs offer and how to take advantage of these programs. However, room remains for boosting awareness of what constitutes a permitted expense with these accounts.

Which of the following are permitted expenses under a Mass Transit Benefit Account?



Which of the following are permitted expenses under a Parking Benefit Account?



TRUE OR FALSE

I park my car at the train station and commute by train. I can make two elections: (1) For parking, to cover my parking cost at the train station and (2) For mass transit, to cover the cost of my train ride.



When using the Beniversal Card to access my mass transit benefits, I should try to elect the full cost of my fare to ensure the expense can be paid directly with the Card.





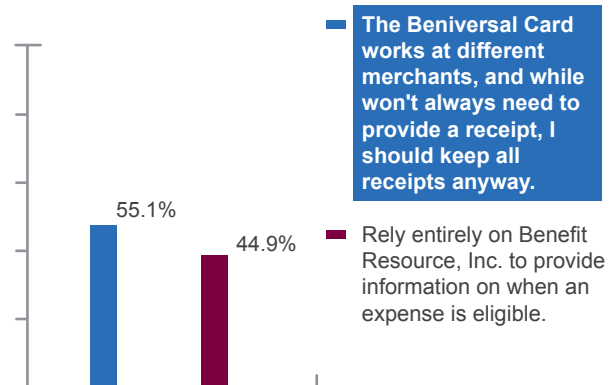
FLEXIBLE SPENDING ACCOUNTS

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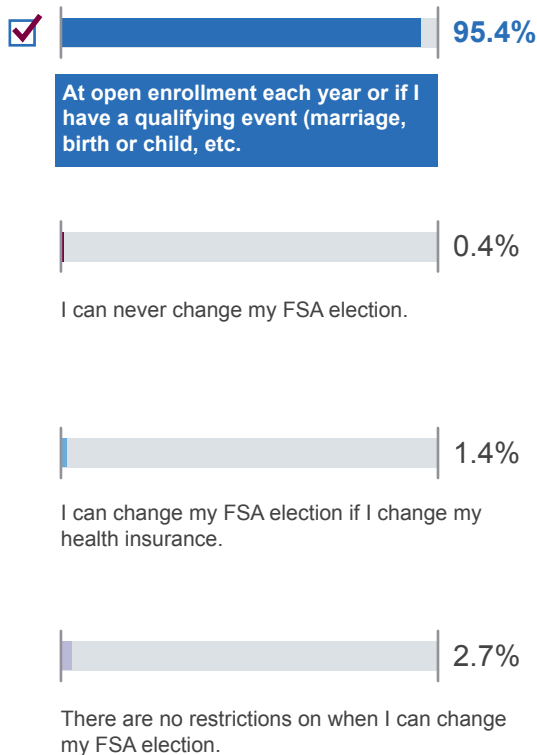
A Flexible Spending Account (FSA) lets your employees contribute pre-tax earnings to pay for certain out-of-pocket health care expenses. The Beniversal® Prepaid Mastercard® provides participants instant access to funds in their pre-tax benefit accounts for co-pays, co-insurance, deductibles, prescriptions, dental care and more.

While FSAs are generally well understood, the survey revealed confusion still exists over how participants are supposed to document their purchases.

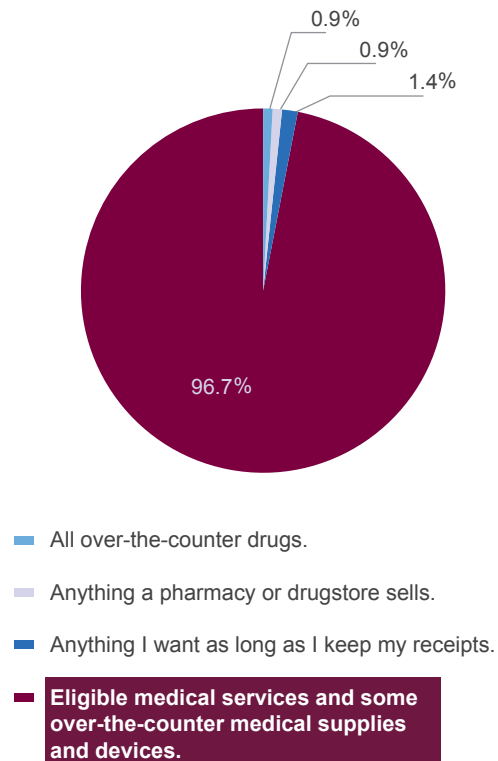
How will I know at the point-of-sale whether I will need to submit additional documentation?



When can I change my FSA plan election?



What can I purchase with my Beniversal Card?



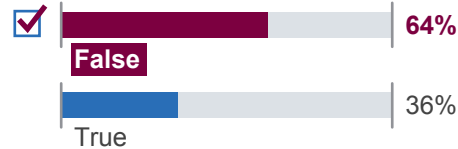


Due to the complexities introduced under the Affordable Care Act, Health Reimbursement Accounts (HRA) have lost a little luster for employers. However, since the claims are tax deductible and employers set the maximum expense for the contributions, they still have an appeal. As an employer, you make tax-free contributions to HRAs, which employees can then use to cover the cost of certain medical expenses, such as a deductible or a copay.

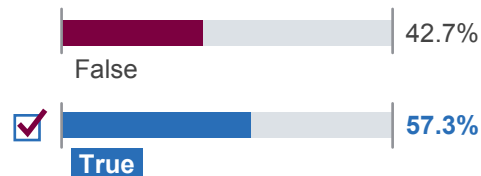
At nearly 98 percent, the overwhelming majority of respondents know where to find specific information regarding how their HRA works. However, due to recent rule changes regarding HRA coverage for families and other factors, participants still have some lingering misassumptions regarding who's covered, who sets the rules for the plans, what expenses are eligible, and when benefits must be submitted and paid out.

TRUE OR FALSE

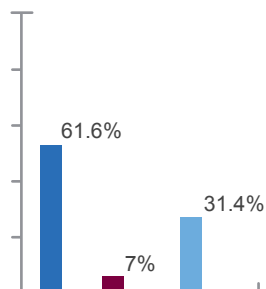
I can deposit funds into an HRA.



My employer/plan sponsor sets many of the rules regarding what expenses are eligible, when benefits are paid and when claims must be submitted.

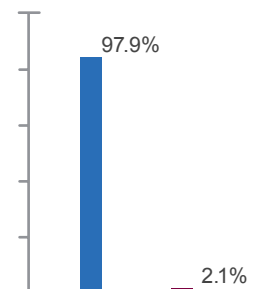


Who is covered by the Health Reimbursement Arrangement?



- An HRA is designed to cover you, your spouse and eligible dependents who are also covered by a group health plan and listed on your HRA.
- An HRA is only designed to cover your personal expenses.
- Expenses for you, your spouse and any dependents are automatically covered by the HRA.

Where can I find specific information regarding how my HRA works?



- An HRA Plan Highlight is available from the "Documents" tab of the Participant login. My "Plan Highlights" explains what expenses are eligible, what happens to my funds at the end of the Plan Year and other applicable cut-offs for my Plan.
- I will just submit everything that may be reportedly medical-related and see what is approved for reimbursement OR there is nothing I can do.

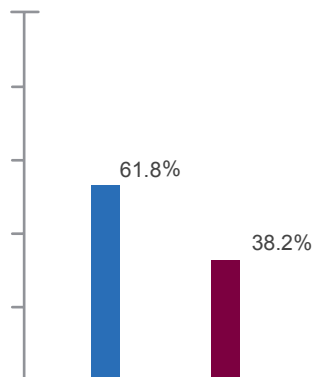


Health Savings Accounts (HSA) are a great way to let workers save income in tax-deferred accounts. Employees own all the money in these accounts, empowering participants to choose services and providers. Since HSA funds roll over and are never lost, participants can use the extra money in various ways – saving, spending or even investing. With greater knowledge of these options, employees may be even more inclined to participate in HSA plans.

Even as HSAs grow in popularity, the survey showed that employees are still a little unsure about what happens to funds, eligibility, when they can change their elections and who is covered by HSAs. Employees appear to be confused over how FSA's and HSA's work, where they overlap and where they diverge.

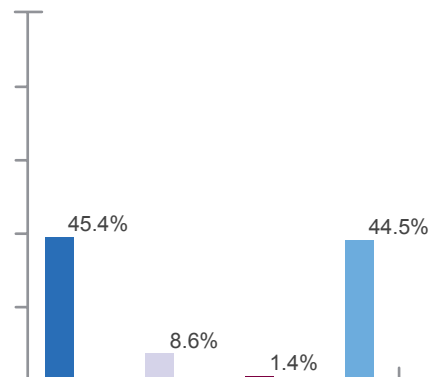
Another major misconception among respondents revolved around what happens to HSA funds from one year to the next. This is important as employees are likely to limit their contributions or not contribute at all if they do not believe these are their funds.

What happens to my HSA funds at the end of the plan year?



- Funds automatically roll from one year to the next and are portable if I change employment.
- Funds are lost if I don't lose them or change employers or my employer decides not to roll these fund over.

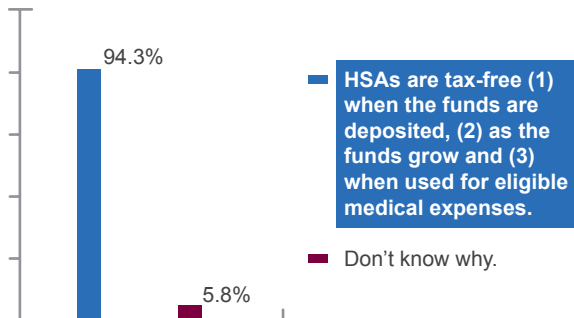
When can I change my HSA plan election?



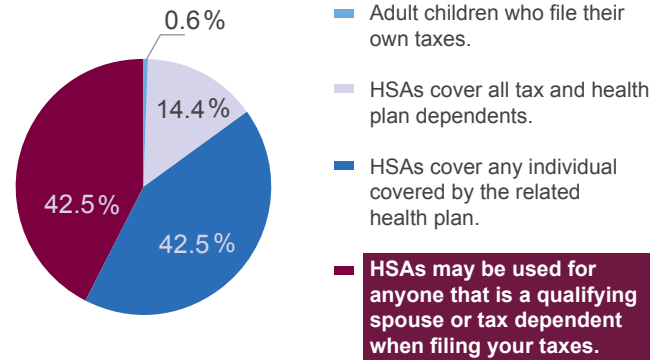
- HSA elections can be changed at any time for any reason. My employer may restrict changes once per month for administrative purposes.
- HSA elections cannot be changed.
- Only when I have large medical expenses and need to increase my election.
- When I have a life event (marriage, birth of child, death in the family, etc.).



Why is an HSA called a triple tax benefit?



Who is covered by the HSA?



I AM ELIGIBLE FOR AN HSA IF...

While 91.4 percent of respondents understand they need an HSA-compatible health plan, only **58.9 percent know of all the factors affecting their HSA eligibility.**

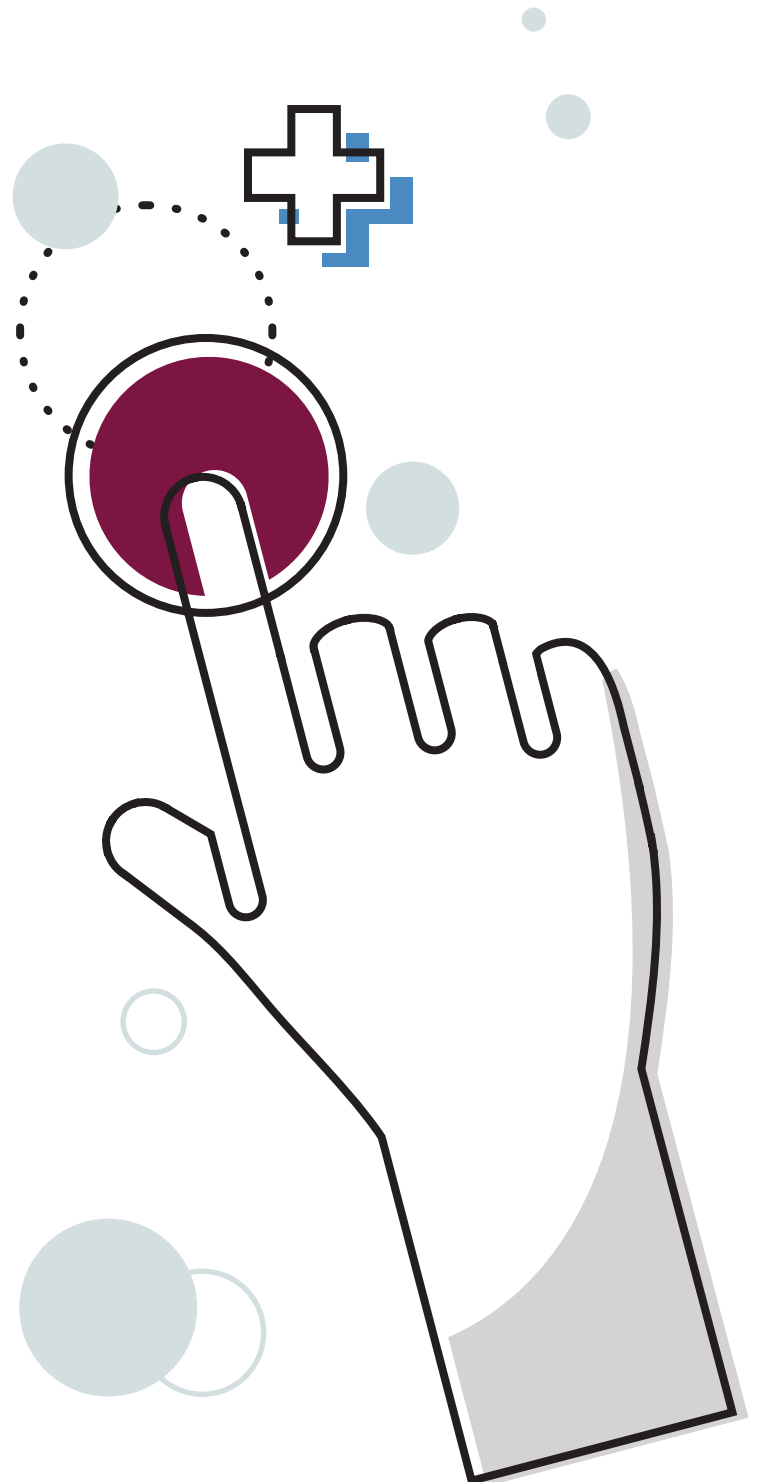




While a majority of employees demonstrated a solid knowledge and awareness of their current benefits, employers still need to communicate which programs are available and how to take advantage of these offerings.

The unique differences between HSAs and HRAs seem to be the cause of significant confusion, as employees tend to think these accounts function similarly to an FSA, which isn't the case. For example, workers fund their own FSAs with pre-taxed money. Employers may deposit additional money to these, but they're not required to do so. Conversely, employees don't make any contributions to HRAs, as only employers put money into these accounts.

Advances in technology have created new channels for employers and benefit providers to help educate and engage participants. By leveraging mobile apps, online portals and social media, you can boost your employees' awareness and engagement with these valuable pre-tax benefits. Ultimately, this can lead to better morale and a healthier work environment.





CHOOSE THE RIGHT PARTNER

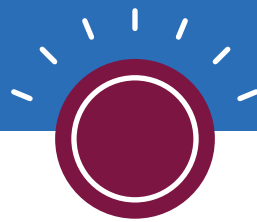
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To maximize the value employees see from these pre-tax benefit programs, employers need to not only communicate better, but also partner with an administrator that makes interactions easy and transparency a priority.

At Benefit Resource, Inc., pre-tax employee benefits are at the core of what we do. We pioneered multi-purse card technology with our Beniversal® Prepaid Mastercard® and, to this day, we remain one of few companies to offer a single health care and commuter benefits card.

We have a dedicated, service-oriented workforce focused exclusively on delivering high-quality pre-tax employee benefits and helping you improve employee benefit awareness and utilization. We build direct partnerships with industry leaders across the country to provide strong client protections and resources, while maintaining streamlined cost structures.





Sources:

BRI "Test Your Knowledge" Survey conducted online Oct 15, 2016 through December 31, 2016.

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<https://www1.nyc.gov/site/dca/about/commuter-benefits-FAQs.page>

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