

Section 125 Plan Employer Guide - Free Report

Many employers mistakenly believe that Section 125 Plans are too complicated and expensive to set up and they miss out on hundreds or thousands of dollars in tax savings. A new Free Report entitled "Section 125 Plan Employer Guide" from Core Documents at www.CoreDocuments.com dispels this myth.

Bradenton, FL (PRWeb) June 28, 2007 -- Core Documents, the nation's primary source for affordable Section 125 Plan Documents announces they're giving away a Free Report entitled "Section 125 Plan Employer Guide" designed to help employers interested in establishing a Section 125 Plan.

Many employers mistakenly believe that Section 125 Plans are too complicated and expensive to set up and they miss out on hundreds or thousands of dollars in tax savings. The fact is that these plans are not complicated or expensive, and the small costs that are involved are quickly recouped in tax savings.

The major benefit of a Section 125 Plan is it allows employees to completely eliminate income taxes on three separate types of out-of-pocket expenses including: insurance premiums; medical expenses; and dependent care expenses. Employers eliminate matching employment taxes for a 7.65% savings on all pretax deductions.

Many employers choose to only establish one of the three benefit options. For instance, a group may decide to establish only the insurance component that allows employees to eliminate all income taxes on their portion of insurance premium.

Other employers decide to establish two components such as a premium plan and the medical expense reimbursement plan, or a premium plan and the dependent care plan. Employers only establish the components that are applicable to their particular needs.

What do employers need to know if they're interested in setting up a Section 125 Plan?

- 1) The IRS, under Section 125, requires employers to establish a written plan.
- 2) The Department of Labor requires the sponsoring employer to distribute a Summary Plan Description, or SPD, to all employees participating in the Plan.
- 3) Plan Documents do not have to be filed with any governmental entities, such as the IRS or Department of Labor. Massachusetts state government is a current exception to this rule.
- 4) The Plan Document and SPD simply needs to be available in the event of a Plan audit by the IRS or Department of Labor.
- 5) Annual IRS 5500 reporting for Section 125 Plans was suspended in 2002 for all but Health FSA plans with more than 100 participants.
- 6) Signed employee election forms should be kept on file for review or audit.
- 7) Employees should receive a new SPD whenever documents are changed or updated and at least once every five years.
- 8) Non-discrimination testing should be done once a year to insure the Plan doesn't discriminate in favor of highly compensated or key employees.

Core Documents provides employers with everything they need to successfully establish and administer a Section 125 Plan, starting at only \$99 plus \$15 shipping and handling.

Consultants are standing by Monday through Friday from 8 AM to 5:30 PM ET to assist employers interested in setting up a new Section 125 Plan, or amending and restating an old or lost plan document. For more information call 888-755-3373 or download your Free Report: "Section 125 Employer Guide" at www.CoreDocuments.com.

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Online Web 2.0 Version

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