



Flex 105 brings big tax savings for just \$199 one-time fee

One way the self-employed business person can reduce the high cost of health insurance and out-of-pocket medical expenses is to establish a Section 105 Healthcare Reimbursement Arrangement (HRA) One-Person Plan.

HRAs are Medical Expense Reimbursement Plans that allow you to save substantial tax dollars on insurance premiums and out-of-pocket medical expenses not covered by insurance.

Section 105 HRA One-Person Plans are designed specifically for small business owners who are considered self-employed, or the only eligible employee of a Corporation, or who can legitimately hire their spouse.

Aren't These Expenses Already Deductible by the Self-Employed?

Yes,, however the deductions are limited as outlined below.

- 100% of health insurance premiums are tax deductible for the self-employed. The self-employed can take this deduction whether they itemize or not.
- However, that 100% health insurance deduction only affects income tax. The 15.3% Self-Employment tax is still paid on insurance premiums.
- When an employer has a Section 105 HRA for one spouse/employee (or for themselves, as an employee), virtually all taxes are eliminated on premiums and out-of-pocket medical expenses paid through the HRA, including FICA/payroll taxes.

AVERAGE SAVINGS

\$5,000+ annually with an

HRA for **ONE**
EMPLOYEE OR SPOUSE

The Flex Documents Difference

Experience

As the leader in affordable Plan Document packages since 1997., we have more than 20 years of helping employers and employees avoid paying taxes on health insurance, flex plans, and other health care benefits.

Value

Clients pay once for a Plan Document and they own it. Most of our competitors 'rent' their Plan Documents on a yearly basis, requiring an annual update fee.

Truth is, a Plan Document only needs to be updated and renewed when there are sufficient changes in your plan or in tax laws relating to health care to make sense.

We send an annual reminder to employers to review their plan for possible changes. We also send alerts when the law changes. And, when there is a need for an update, we offer the first one at a discount.

Customization

Some companies offering so-called compliant Plan Documents are really just selling boiler-plate templates. The employer enters information, checks the right boxes, and that's your Plan Document.

One Plan Document cannot fit all employer situations equally well. That's why we will never sell a template. Our order form gathers all the necessary information about your company and your plan. If anything is unclear or more information is needed, our staff will contact you to ensure you receive a detailed, personalized Plan Document package.



Set up your HRA in 3 easy steps:

Design your plan:

- Choose your plan year according to the calendar (Jan-Dec) or your tax year (Jul-Jun, for example) -- a short plan year is available for the first year;
- Determine the rules and limits for your plan -- our order form takes you through it step-by-step; and,

Order your plan:

- Place your order for the Flex 105 plan document package.
- Your personalized plan document package arrives at your inbox within a business day or two.

Start your plan:

- Print, review, and sign the plan document where indicated;
- Give a copy of the participant packet to each eligible employee; and then,
- Keep the Flex HRA plan document on file with other personnel paperwork -- there is no requirement to file the plan document with any agency.

How to formally hire your spouse or other employee

[Apply for a Federal Employer Identification Number \(FEIN\).](#) You can't be an employer without a FEIN. Apply for the FEIN using IRS SS-4 Form.

[Hiring your spouse or employee is a formal hiring process](#) that should include the completion of a standard Employment Application, W-4 form, and an I-9 form. We provide you with a work agreement that outlines the duties and responsibilities of the employee, plus the total compensation package.

[Develop a reasonable compensation for the services provided.](#) Some factors to consider would be wages paid for similar services, experience, qualifications, complexity of the job, and responsibilities. Once you've established a reasonable wage, then determine which insurance and medical expenses that can be deducted. The difference is the reasonable salary that should be set up on a systematic payroll either bi-weekly, monthly or quarterly.

[Notify your health insurance carrier](#) that you will be changing the name of the primary policyholder to the spouse/employee.

[If established for a spouse, they should set up a separate checking account to deposit earnings and medical expenses you've reimbursed.](#) The paycheck and the medical expense reimbursements should be in the employee's name and deposited into their individual or joint account. Don't deposit payroll checks into the business account.

[You should keep records of the hours worked](#) and jobs performed for all employees.