

STERLING FLEXIBLE BENEFIT PLANS

Flexible Benefit Plans, commonly called Flexible Spending Accounts or FSAs, from Sterling give employers and employees a great way to pay for healthcare costs and realize substantial tax savings. Through payroll deduction, employees purchase “qualified benefits” that may not be included in their gross income. The tax-advantaged money set aside in FSAs can be used to pay for qualified medical expenses, dependent care, and transportation costs.

FLEXIBLE BENEFIT PLANS
FROM STERLING GIVE
EMPLOYERS AND EMPLOYEES
A GREAT WAY TO PAY FOR
HEALTHCARE, DEPENDENT
CARE, AND COMMUTING COSTS.



Sterling offers:

- Healthcare FSAs
- Limited Purpose or Post Deductible FSAs to coordinate Healthcare FSAs with other plans
- Dependent Care FSAs
- Transit and parking benefits

Healthcare FSAs

With a Healthcare FSA, employees can be reimbursed for medical expenses not covered or reimbursed by other insurance or plans like health savings accounts (HSAs) and health reimbursement arrangements (HRAs). All expenses must be qualified medical, vision, pharmacy or dental benefit expenses as defined by Section 213(d) of the IRS Code.

FSA funds cannot be used to purchase many over-the-counter medications, such as aspirin, allergy and

cold medications, etc. without a written doctor's prescription. The pharmacist must fill prescriptions for these medications to be paid for with funds from the account. There are still several over-the-counter medical products that can be purchased without a doctor's prescription, such as contact lens solution and diabetic test kits and supplies, so participants should check before they purchase.

All medical care expenses must be incurred during the plan year and the “use it or lose it” rule applies to any funds not spent before the end of the plan year unless your employer has elected an optional rollover of up to \$500. Funds may also be forfeited if employees leave the company.

The annual employee contribution maximum is set by the IRS for a Healthcare FSA. Sterling also works with clients to set up a Limited Purpose or Post Deductible FSA and coordinate payment of qualified expenses from the FSA with other plans.

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Dependent Care FSAs

Dependent Care FSAs allow employees to accumulate pre-tax money to reimburse for qualified childcare expenses or day care expenses for a disabled or elderly/disabled dependent. If married, employees generally must have a working spouse to qualify for a Dependent Care FSA.

The IRS limits the maximum annual contribution and other IRS restrictions may apply. Dependent Care FSAs are also subject to the “use it or lose it” rule. Expenses must be incurred in the plan year. Funds do not roll over to the next plan year and may be forfeited if an employee leaves the company.

Transit & Parking Benefits

Employees set aside pre-tax pay to cover transit and parking expenses. Depending on what an employer offers, qualified commuter expenses generally include the use of mass transportation, as well as parking. There is no “use it or lose it” rule and unused funds roll over at the end of a plan year. The IRS sets annual maximum contributions.

Why FSAs?

Employees reduce taxable income and use the savings to pay for qualified expenses. Tax savings include federal income tax, and in most jurisdictions, state and local income taxes. Employees do not pay Social Security and Medicare tax on the amount excluded from income.

When salaries are reduced, benefits costs go down for employers, including the employer portion of Social Security and Medicare tax, unemployment and workers compensation, short and long term disability coverage, life insurance, and pension.

With few exceptions, most employees can participate in an FSA. Exceptions include partners in a business, members of LLCs, and shareholders who own 2% or more in S-corporations. FSAs

cannot discriminate in favor of highly compensated employees. Annual nondiscrimination testing offered by Sterling is required with FSAs to insure compliance.

Sterling Flexible Benefit Plans Services

- Hands-on plan set-up and administration, employer needs assessment, plan development and enrollment.
- Plan document preparation, including corporate resolution, adoption agreement, and Summary Plan Description (SPD).
- Participation in employee enrollment meetings.
- Issuance of debit cards.
- Healthcare expense claim review and payment of bills to providers or as reimbursement to the employee.
- Coordination of the Healthcare FSA with other plans (with proper documentation).
- Annual nondiscrimination testing to ensure compliance and preparation of other compliance documents as required (Form 5500 and ERISA).
- Monthly reporting to employers and quarterly reporting to employees.
- Scan and archive FSA claims and reimbursement documents in the event of an audit.
- Updates on industry trends and changes.
- Carrier integration makes it easy for employees to connect Explanation of Benefits (EOBs) with HRA, HSA, and FSA accounts.
- Money back guarantee of up to one year of monthly fees paid, if clients are dissatisfied with our service.
- Personal customer service.
- Online account management tools, including a mobile website, and educational information and forms.



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Why Sterling?

Complete product portfolio managed through a single sales representative or account manager, integrated online account management tools, and a team of benefits experts and customer service representatives. Sterling offers administration services for HSAs, HRAs, FSAs, POPs, and COBRA.

Compliance expertise ensures industry and IRS compliance for clients.

Carrier integration makes it easy for employees to connect EOBs with HSA, HRA and FSA accounts.

Sophisticated and integrated online enrollment, account management, and reporting tools for all products, including a mobile website.

Personal account management and customer service from Sterling sales and multi-lingual customer service teams.

¿Se Habla Español? Sterling offers a culturally relevant Spanish website, collateral, forms, welcome materials, and bi-lingual customer service representatives.

People across the company who understand the health benefits industry because they've been in the business for over 100 years (combined, that is). Sterling has been in business since 2004 and is successful in part because of a culture that puts people first – employees, clients and partners. It's truly a family affair that our clients are pleased to join.

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