

**TOP 10 REASONS WHY AN ARP OUT-PERFORMS YOUR FSA**  
**REASON NO. 1: ALTERNATIVE REIMBURSEMENT (ARP) PLANS RAISE**  
**EMPLOYEE PARTICIPATION 400% HIGHER THAN FLEXIBLE SPENDING**  
**ACCOUNT (FSA) PLANS**

**UNIVERSAL FINANCIAL**  
**CONSULTANTS'**  
**MISSION STATEMENT**

"Our mission is to promote the long term financial well being of our clients. It is our intention to pool our talents, resources, and years of experience in order to provide the most comprehensive and objective analysis possible. We will strive to work hand in hand with your existing advisors to build a synergistic effect that will empower you to achieve greater levels of financial freedom by having all of your trusted advisors see your goals and objectives from the same viewpoint, thereby maximizing your potential for financial security and success."

Both ARP's and FSA's are payroll reduction plans allowed under U.S. tax law. Such plans enable diversion of gross payroll dollars to pay for out-of-pocket health and certain other expenses and those dollars separated out are not subject to payroll taxes. *For California business owners reducing payroll also reduces the amount they pay in Workers' Compensation premium!* **So, why hasn't every business owner installed an FSA plan?**

**The answer: cost, complexity and complacency.** FSAs require two costly items –separate bank accounts for each participating employee and annual discrimination tests. Neither of these items is needed to administer an ARP program, hence costs are far more reasonable. Complexity sometimes caught employees unaware that funding their FSA account with too many dollars was unwise because any unused dollars by law had to be returned to the employer at the end of each plan year. Employers sometimes paid a price because of a provision that required advancing money into an employee's FSA account when an expense was incurred, but there weren't sufficient funds for reimbursement. Participation does not automatically sustain itself. One can imagine participation suffering when an employee spread news that unspent money in his or her FSA account had been returned to the employer. But, even where this wasn't a problem the volume of receipts tends to tail off without an ongoing, pro-active program to remind and promote employee participation. (Participation is not mandatory in any payroll reduction program. Still one would believe the chance to increase net pay by paying for things with dollars that would otherwise be taxed would be incentive enough. It's not!)

**ARP payroll reduction plans produce four times the participation of any FSA because the platform used is completely different from an FSA.** The difference in structure quickly becomes apparent because (1) there are no separate bank accounts and (2) it's virtually impossible for an employee to over fund an ARP or lose any unspent amount at the end of the plan year. Another factor building greater employee confidence in the ARP stems from simple administration that nearly eliminates any lag between expense submittal and reimbursement.

**If you want to make the biggest dent in Work. Comp. cost use an ARP and let our company, Universal Financial Consultants help you to maximize your results.** We provide reminders and can introduce incentives throughout the year so your employees get used to turning in their receipts for eligible out-of-pocket expenses. This year when health plans appealed to drug companies to convert certain prescription drugs to Over-The Counter (OTC) status, Congress passed a law enabling all OTC remedies to be 100% reimbursable. That includes natural supplements and homeopathic remedies.

**Once informed, business owners prefer ARPs also.** For one thing they aren't faced with unexpected cash demands because an employee doesn't have sufficient money in his FSA account to cover expensive items like orthodontic work or Lasik eye surgery. There is no worry that having advanced funds into an FSA account, that employee won't simply disappear rather than repay the loan. An ARP plan is open for all business owners' participation. Owners of S-Corps, LLCs, Partnerships and Sole Proprietorships were excluded by law from participating in any FSA. Even if, as the owner, you are exempt from having Work. Comp. coverage, the tax savings should motivate you to install an ARP.

**Getting started.** Call Scott McKee\* at (619) 295-5920 Ext. 214 and determine how much an ARP can help your bottom line. That should lead to an interview where impact and implementation can be discussed. Costs, as well as strategies to consider so this important program installed and operating as a free service, can also be discussed.

**\*Scott McKee is an associate at Universal Financial Consultants, located at 5473 Kearny Villa Rd., Suite 210, San Diego, CA 92123. To communicate by Facsimile: (619) 295-5926; by e-mail: [scott@ufcamerica.com](mailto:scott@ufcamerica.com).**

Universal Financial Consultants  
5473 Kearny Villa Rd, Ste 210  
San Diego, CA 92123  
(619) 295-5920  
(800) 341-5433