

**TOP 10 REASONS WHY AN ARP OUT-PERFORMS YOUR FSA**  
**REASON NO. 4: ALTERNATIVE REIMBURSEMENT PLANS (ARP) ATTRACT MORE OUT-OF-POCKET MEDICAL COSTS FOR REIMBURSEMENT THAN FSAs!**

**UNIVERSAL FINANCIAL  
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"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."

For small employers the initials FSA, which stands for "Flexible Spending Account," may have little meaning. That's because the administrative costs of a FSA when contrasted against the potential savings didn't pencil out. For other business owners the fact they had organized their business as an S-Corp, or LLC or Partnership or Sole Proprietorship meant being excluded by law from submitting their own eligible expenses for reimbursement using dollars that were exempt from all payroll tax.

And that is a strong reason why there is a different plan, called the Alternative Reimbursement Plan that is available to all owners, and their employees. Better yet, small employers are able to achieve significant savings on certain fixed operating costs and not have those savings wiped out by high administration cost. Savings are derived for the employee because the money used to pay for out-of-pocket medical costs (and other eligible expenses) isn't subject to federal and state (payroll) taxes. Savings accrue because the employer matches what employees pay in payroll tax. Employers get another break. By diverting wages out of payroll, Workers' Compensation –which has doubled in the past three years, is also reduced.

***Want to knock your Work. Comp. Premium by as much as 40%? You'll need an Alternative Reimbursement Plan (ARP).*** We might describe an ARP as an FSA on steroids, except that the ARP is structured so radically different from the FSA model. FSAs are stand-alone plans built around revisions to various federal tax code sections some twenty years ago. The ARP is structured to complement the participating employee's primary medical plan. The ARP platform requires no separate banks accounts are needed. The manner in which ARPs handle the employee's before tax dollars is greatly streamlined and simplified. There is no possibility of employees running a surplus that if not used might be turned over to the employer. There is no possibility that any employer will be obligated to finance an employee's account so he or she has the money needed to pay for a covered expense.

There are no downsides to an ARP –NONE! As a result, employees participate at a level that is 400% higher than an FSA. Employers achieve savings that are three to four times greater than an FSA –year after year!

As an employer, you might study your health plan, beginning with the exclusions and limitations. Lasik surgery is normally excluded, but employees are having their eyes done in droves. It can cost \$2,500 per eye and all of it can be paid with pre-tax dollars through an ARP. Next, look at co-payments, dollar limits, as exist with mental health, prescriptions and other benefits. After that, look for any deductible amounts –not just the plan deductible, but deductible (or admission charges) for hospitalization, surgery, mental health and non-formulary prescription drugs. Those represent out-of-pocket expenses for your employees. They are reimbursable with an ARP and so are all the premium contributions your employees make to provide themselves and families with medical, dental, vision and other benefits.

We can conjecture on potential savings, but your HR department has payroll figures that give us tax bracket data. You have a known Work. Comp. Mod-factor and the last figures for payroll. If you want to take a survey, you can find out how many employees have their kids in day care, pre-school or after school programs. A second question: how many are having expensive dental work done –crowns, bridges, dentures and braces for the kids (or themselves). Those are big expenses and every dollar used to pay for them can bypass payroll and payroll taxes. We will total it together and work with you to maximize the total reduction of your payroll.

All you need to do is call our ARP specialist, Scott McKee\* at (619) 295-5920 Ext. 214.

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