The More You Know

UNIVERSAL FINANCIAL CONSULTANTS

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."

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

TOP 10 REASONS WHY AN *ARP* OUT-PERFORMS YOUR FSA

REASON NO. 7: USING AN ARP FOR TAX-EXEMPT CHILD-CARE REIMBURSEMENTS

For Argument's sake let's pretend there was no difference between a payroll reduction plan that used a Flexible Spending Plan (FSA) for reimbursements and an *Alternative Reimbursement Plan (ARP).* The ARP will produce four times greater participation than the FSA. The greater the participation, the greater the savings for employers in terms of payroll taxes and Work. Comp. premium payment.

That is especially true for "big-ticket" items like child-care, pre-school, after school and adult dependent care. Each employee can run $5,000 per year through the company payroll reduction plan, whether it is a FSA or an ARP. So why does the ARP command so much more participation?

The main reason is employees have been caught unaware that unused dollars at the end of the plan-year do not roll over, but are returned to the employer. It angers employees and quickly causes dramatic reduction in employee participation. The ARP platform can't be over-funded, so no loss to the employee is possible.

A second reason stems from a provision in the tax law regarding FSAs that mandates employers finance the employee's FSA account when he has a bill in hand but not the money to pay for it. Sometimes the employee simply took the money advanced and disappeared. The ARP eliminates these problems. Employers using FSAs can only attempt to control the two problems by limiting the number of dollars an employee can commit in any given year. When health care cost and Work. Comp. rates are sky-rocketing there is a need to maximize savings no minimize them!

The plain fact is there are numerous differences between a FSA and an ARP, including:.

The ARP does not need separate employee accounts, a big money-saver.
The ARP does not require employees to pre-determine the amount they'll commit.
Owners of S-Corps. Partnerships, LLCs and Sole Proprietorships can participate.
Annual discrimination tests are not required, another money-saver.
Because of its administrative simplicity, an ARP costs a fraction of an FSA to operate.
Employees don't contend with a "use it or lose it," rule.

And the impact of an Alternative Reimbursement Plan is equally remarkable:

Employees don't hesitate to participate. ARPs gets four times more dollars than FSAs.
Employers 'receive two and three times more savings than FSAs generate.
Employers' net savings are far higher, because administrative costs are so low.
Savings are increasing. This year for the first time Over-the-Counter drugs, medical supplies, natural supplements and homeopathic remedies are 100% reimbursable.

To maximize savings employers need to mount a pro-active campaign to remind employees to turn in their receipts. There is no need to pre-determine an amount to commit to the ARP; they just need to keep their receipts flowing into the ARP. Every receipt so handled represents a savings in payroll tax for the employee, which should be incentive enough. Our company helps its clients by preparing reminders that can be included as payroll stuffers or sent by e-mail.

Please call our specialist, Scott McKee* at (619) 295-5920 Ext. 214 so that a closer approximation of your potential savings can be determined.

***Scott McKee is an associate of Universal Financial Consultants, located 5473 Kearny Villa Rd., #210, San Diego, CA 92123. If communicating by Fax: (619) 295-5926. To e-mail: scott@ufcamerica.com**