

TOP 10 REASONS WHY AN ARP OUT-PERFORMS YOUR FSA
REASON NO. 9: ARP IS FULLY COMPATIBLE WITH SECTION 125 -POP, SECTION 129 -CHILD CARE, SECTION 132 -COMMUTING AND HRAs, BUT COST LESS THAN FSAs

**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."

What a title line; what does all that mean? Twenty years ago Congress modified a number of tax laws so that employees could turn back a portion of their pay to employers and the money that went into Flexible Spending Accounts (FSAs), Internal Revenue Section (I.R.C.) 125 Premium Only Plans (POP), Section 129 Child Care, Section 132 Commute benefits, and more recently Health Reimbursement Arrangements or (HRAs). Money placed into these separate bank accounts was not taxed.

Reducing payroll also cut the employer's Work. Comp. premium because that is calculated as a percentage of payroll. In the last three years Work. Comp. premium rates have more than doubled! Right now California employers are struggling with costs that threaten their very existence. Three years ago, Universal Financial Consultants completed a thorough investigation and quietly began helping employers get relief on their Work. Comp. costs. We call the program an Alternative Reimbursement Plan (ARP)...and that completes the translation of our title line.

ARP is free of downsides that have hurt the earlier tax code based plans, FSAs in particular. It operates from a completely different platform than an FSA. The ARP is structured as a supplemental plan that complements any employee primary health plan. Without FSAs separate bank accounts that employee monies pass to and from, the ARP has no lag in reimbursement, no administrative reconciliations each month. Further, there are no annual tests for discrimination. These items are major costs for FSA plans. Besides costing much less than FSA plans, there are other benefits.

Small employers found FSA costs prohibitive. Owners of S-Corps, LLCs, Partnerships and Sole Proprietors are not allowed to personally participate in FSAs. *An ARP is available to every type of business –no exceptions!* Basically, this is the first time a small employer has had a chance to directly cut their own Work. Comp. and other employee benefit costs through an ARP payroll deduction plan.

And savings will be fatter than ever this year. A revenue ruling allows *100% reimbursement for all 2003 expenses incurred in purchasing any Over-The-Counter drugs, health supplements and homeopathic treatments.* That's one reason our company works with HR departments to keep reminding employees about turning in all their receipts. You won't find any employee resistance to participate if an ARP is used. That is because many FSAs provided nasty surprises for employees that couldn't use all the money they placed in their FSA account. With an FSA the excess money doesn't rollover; by law it has to be returned to the employer. Guess how that impacts FSA participation!

It goes without saying that if the employer spends less operating an ARP, the employer's savings will be greater. What an understatement—the return is three to four times more than a FSA!

Please don't wait a moment longer. In an interview we can pre-determine the potential savings your company can expect. Simply call Scott McKee*, our specialist with ARP at (619) 295-5920 Ext. 214.

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