



# ERISA: Does My Plan Need to Be Wrapped?

## Here's a simple test to determine the answer:

The DOL has a five-part test which exempts insured arrangements if:

1. There is no employer contribution; and,
2. Employee participation is completely voluntary; and,
3. Employer receives no compensation from the insurer; and,
4. Employer's involvement is limited to permitting the insurer to publicize the program, collecting premiums through payroll deduction, and remitting premiums to the insurer by single check; and,
5. Employer does not endorse the program.

The final requirement is what trips up most employers. DOL considers the following actions to constitute endorsement:

1. Putting employer's name on materials;
2. Referring to the plan as the employer's plan;
3. Encouraging employees to participate;
4. Selecting and negotiating with insurers;
5. Assisting employees with claims or disputes;
6. Allowing payment of premiums with pre-tax dollars through cafeteria plans.

If you determine that your plan needs to be wrapped, and you have multiple plans, next you must decide whether or not to wrap your multiple plans together under a single wrap, known as an "Umbrella Wrap" or "Mega-Wrap" document. Here are some things to consider:

1. Plans wrapped together must have:
  - a. Same effective date
  - b. Same waiting periods
  - c. Same eligible employees
2. Plans wrapped together must share the same eligibility language:
  - a. Dependent definition
  - b. Group of employees eligible for all plans
  - c. Minimum age to enroll
  - d. Minimum hours worked to be eligible
3. How many different participants are in the plans?

When wrapping two plans you count the "belly buttons" (unique individuals) in the plan as a whole. Wrapping together a medical plan with 95 enrolled and a dental plan with 45 enrolled (35 of whom are not also enrolled in the medical plan) creates a wrapped plan with 130 "belly buttons," triggering the requirement to file a Form 5500 when one was not necessary before.

# flexplan

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## FAQ: What is a Section 125 POP (Premium-Only-Plan)?

A Section 125 Premium-Only-Plan (POP) is a cafeteria plan covered by the Employee Retirement Income Security Act (ERISA), which allows employees to pay their health insurance premiums with tax-free dollars. Traditionally, these POP plans have been used in combination with employer-sponsored group health insurance plans. However, beginning January 1st, 2009, employees can now use POP plans to pay individual health insurance premiums with tax-free dollars.

Using Section 125 POP to pay for insurance premiums benefits provides tax savings for both **business owners** and **their employees**.

### How Section 125 Premium-Only-Plans (POP) Benefit Employees:

Employees save up to 40% on federal income taxes alone. Under a POP plan, an employee's take-home pay is increased, effectively reducing the cost of purchase adequate health insurance.



### How Section 125 Premium-Only-Plans (POP) Benefit Employers:

Employers benefit by reducing their tax liability. With POP, employers do not have to pay FICA/FUTA taxes (~7.65%) on dollars that employees use toward the cost of their individual (or group) health insurance premiums.

Contact – [greg@flexplanadmin.com](mailto:greg@flexplanadmin.com) or call 918-524-6321 with any questions or to get a services proposal.



## ACA Reporting Software & Compliance Management

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Contact Us:

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[www.aca-track.com/flexplan/](http://www.aca-track.com/flexplan/)

### Preferred Pricing

*Employer Sizes 50 – 4,999 FTEs*

*If 5,000+ FTEs, call ACA-Track for pricing*

Employee Count	0-499	500-1,499	1,500-4,999
<b>Initial Fee:</b>	<b>\$1,150</b>	<b>\$1,250</b>	<b>\$1,350</b>
<b>Reporting:</b> <i>(IRS E-File)</i>	<b>\$1,950.00</b> <b>(flat)</b>	<b>\$3.90</b> <b>(per FTE)</b>	<b>\$2.50</b> <b>(per FTE)</b>
<b>Eligibility Tracking + Reporting:</b> <i>*Optional*</i>	<b>\$3,050.00</b> <b>(flat)</b>	<b>\$6.00</b> <b>(per FTE)</b>	<b>\$4.00</b> <b>(per FTE)</b>
<b>Print / Mail of Forms:</b> <i>*Optional*</i>	<b>\$2.25</b> <b>(per form)</b>	<b>\$2.25</b> <b>(per form)</b>	<b>\$2.25</b> <b>(per form)</b>
<b>State Filing Fee:</b> <i>For FTEs in: CA, NJ, DC, RI, MA, VT</i>	<b>\$499 per state</b>		
<b>Additional EIN:</b> <i>(1 EIN included at no charge)</i>	<b>\$499 per additional EIN</b>		

**Note:** When contacting ACA-Track directly, mention “FlexPlan” for access to preferred pricing



## Full-Service Form 5500 Filing

The Form 5500 Series is an important compliance, research, and disclosure tool for the Department of Labor, a disclosure document for plan participants and beneficiaries, and a source of information and data for use by other Federal agencies, Congress, and the private sector in assessing employee benefit, tax, and economic trends and policies.

Employers are required to file Form 5500 with the Department of Labor (DOL) when their plan has 100 or more employee participants at the beginning of a plan year and when their plan is funded through a trust, regardless of the number of participants.

ERISA welfare plans with less than 100 participants at the start of the year can be exempt from Form 5500 if they are fully insured or “unfunded” — meaning paid from the general account. Even large plans can qualify for exemption if they are unfunded.

### **Check out some of the features of FlexPlan's 5500 offering:**

- FPA can pull the client's previous year filing from the DOL database, using the client's EIN, in order to simplify the entry of information. Can be pulled in batch (in the case of multiple plans) for quick and easy access.
- FPA is authorized to electronically submit filings to the DOL on behalf of the client.
- FPA can provide Forms for filing extensions.
- FPA can provide filing coordination with the DFVC program
- All Form 5500 Services data and forms are electronically stored by FPA for later reference. The documents also include a date and time stamp of the original filing and any subsequent re-filings.



**FPA's Form 5500 Services cover all required Form 5500 Series forms and schedules for employee welfare benefit plans, as follows:**

- Form 5500.
- Schedule A - Insurance Information.
- Schedule C - Service Provider Information.
- SAR - Summary Annual Report.

**The process is completely hands off for our broker and company partners.**

1. FPA downloads from the DOL database the most recent Form 5500 filing.
2. FPA requests from Company any additional required information.
3. Company submits the requested information to FPA.
4. FPA prepares the Form 5500, based on the information downloaded from the DOL database and the additional information provided by Company.
5. FPA sends the completed Form 5500 to the Plan Administrator for review and approval.
6. Upon review and approval by the Plan Administrator, either the Plan Administrator electronically signs the Form 5500 and forwards it to FPA for filing, or FPA electronically signs the Form 5500 based on the proper delegation of authority from the Plan Administrator. FPA then electronically files the Form 5500.
7. FPA obtains confirmation of successful filing and provides same to the Plan Administrator.
8. If the filing is unsuccessful, FPA consults with Company to correct any defects, and repeats Steps 5-8.

**Processing; Filing; Timeframe**

The estimated timeframe from (1) FPA's receipt of all information required to complete the Form 5500 to (2) FPA's filing of the Form 5500, is five (5) business days. In the month of July, the timeframe is extended to seven (7) business days.

**Form 5500 Pricing**

For each Form 5500 (including all required Schedules) completed and filed by FPA, FPA will invoice Company \$400 upon FPA's receipt of confirmation of the successful filing of the Form 5500. Past due filings will be charged at \$500 per year.