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Editor's Note

In an effort to keep you informed of regulation issues and new developments, we will be sending quarterly issues of our newsletter, Benefits Briefing. If there are HR contacts at your company who would benefit from this, please give us their names and email addresses, and we will add them to the distribution list.

PREPAID BENEFITS CARD

The Benny™ Benefits Card is here!

Tri-Star offers the **Benny™ Benefits Card**, developed by Evolution Benefits, the leader in innovative payment services, with our administrative program for Flexible Spending Accounts (FSAs), Health Reimbursement Accounts (HRAs) and/or Health Savings Accounts (HSAs).

Benefits cards have been around for over five years and there are over 6 million cards in circulation today. And now, based on the recent IRS ruling, more and more mass merchants and retailers (e.g. Wal-Mart, Sam's Club, Walgreens) are making it very convenient for customers to use benefits cards in their stores without the need for receipt submission.

Get on board and offer this great benefit to **your** employees today!

The advantages of Benny™

to you as an employer are:

New Benefit – you're providing a new, low cost-high value benefit that employees love, in an age of takeaways and cost shifting.

FICA Tax Savings – implementing the Benny Benefits Card has resulted in increased employee participation, as well as increased annual election amounts year after year. Employers have seen immediate increases of 20 – 40% in participation, and annual contribution increases ranging from 10 – 50%. That translates into significant FICA tax saving that in some cases, can pay for the program.

IRS Compliance – Advanced auto-substantiation technologies can verify the eligibility of many transactions, minimizing the need to request receipts from the

to your employees are:

Cash flow friendly – cardholder spending accounts (e.g. FSAs) are direct debited for eligible expenses, eliminating “out-of-pocket” cash payments and then waiting for reimbursement.

Convenient and easy to use – eliminates claim forms
Simple to track – balances are available online 24/7 – this detailed tracking can be used to predict more accurate (and increased) annual election/salary reduction amounts in subsequent years.

Here We
Grow
Again!



Let us show you how easy it is to get started with a card and how it can energize your benefits program.

Call Ken Dixon direct at
 (314) 985-0284
 (800) 727-0182 X 110
ken.dixon@tri-starsystems.com

cardholder. Letters requesting receipts are sent only when necessary.

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IRS DEBIT CARD GUIDANCE

In July of last year, the IRS released the Guidance Notice 2006-69, that officially allowed benefit debit cards to be used at ALL supermarkets, grocery stores, discount stores and wholesale clubs that implement an Inventory Information Approval System (IIAS) – systems that can identify and separate FSA-eligible and non FSA-eligible items.

This means that benefits cards can now be used in stores that offer this feature for the total FSA-eligible amount and NO receipts will be requested to verify the eligibility of the purchase! What could be easier for the employee! Another form of payment will be requested for the non-eligible items.

Although the mandate to build an IIAS is not in effect until January, 2008, many supermarkets and retailers are rushing to implement these systems to make it easy for cardholders to shop in their stores. Just a few months ago, Wal-Mart® and Sam's Club® announced that their system was up and running. We are certain that many more will follow in the coming months.

This is great news for employers who can now offer cards as a new low cost benefit and a great convenience for the participant.

Join our many clients who have already implemented a card program. Let's get you started today!

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FSA/HRA/HSA COMPARISON CHART

In the evolving world of "Consumer Driven Healthcare" the acronyms have become more and more confusing for most people, and distinguishing between them even more difficult. Below is a chart that might help you identify the differences between Health Care Flexible Spending Accounts (FSA), Health Reimbursement Arrangements (HRA), and Health Savings Accounts (HSA).

Plan Feature	FSA	HRA	HSA
Pre-tax Salary Reduction	Permitted	Not permitted Must be employer funded	Permitted
Employer Contributions	Permitted	Required - Only Funding method allowed	Permitted
Carry over of Un-used funds	Not Permitted 75 day Grace Period Optional	Permitted, but not required	Required
Eligible medical expenses	213(d) medical expenses No health insurance premiums No LTC premiums Limited use Health FSA Permitted w/QHDHP	213(d) medical expenses may include health and LTC premiums Employer may restrict by plan design	213(d) medical expenses LTC premiums permitted No health insurance premiums except COBRA, on Unemployment or over 65.
Cash outs of unused funds.	Not permitted.	Not permitted.	Permitted, but taxable and subject to 10% excise tax
Uniform coverage rule	Required	Optional	Only actual contributions available
Portability	No	No	Required
3rd Party claims adjudication	Required	Required	Not permitted
Limitations on health insurance	None	None	Must participate in "Qualified High Deductible Health Plan" & have no other coverage

Tri-Star Systems is experienced in administration and plan design for all types of Consumer Driven Plans and available to help with all of your needs – from internet enrollment and carrier interfaces to claims adjudication.

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IRS Publication Links

With tax season upon us we wanted to provide you with some handy links to IRS Publications that may help you and your employees. We hope they are helpful to you.

[IRS Publication 502 \(Health Care\)](#)

[IRS Publication 503 \(Dependent Care\)](#)

[IRS Publication 969 \(HSAs and Other Tax-Favored Health Plans\)](#)

[IRS Publication 968 \(Adoption\)](#)

[Other IRS Publications](#)

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Contact Us

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TO CONTACT US:

Stephanie L. Latina

Tri-Star Systems

stephanie.latina@tri-starsystems.com

14323 South Outer 40 Road, Suite 200 South
Chesterfield, MO 63017-5734

(314) 985-0260 or (800) 727-0182 Ext. 121

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