

TASC UNIVERSAL BENEFIT ACCOUNT™

CLIENT ADMINISTRATION MANUAL



This Administration Manual provides all the guidance you need to properly implement and manage TASC Universal Benefit Account™. In the meantime, if you have any questions pertaining to TASC, call us at 608-241-1900 or toll-free at 800-422-4661. For speediest service, please have your 12-digit TASC ID available whenever contacting us.

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Welcome



Welcome to the TASC Universal Benefit Account™.

TASC's Universal Benefit Account™ will make it easier and more efficient than ever before to implement and manage benefit accounts. Reimbursement accounts are among the nation's leading employer-sponsored benefits programs and provide a significant tax savings to employees and employers alike. Offering a reimbursement program greatly enhances your company's employee benefits package, which in turn helps attract and retain motivated employees.

The higher the participation by employees in your benefit accounts, the more you will save in taxes each year. It's easy to manage your benefit accounts through our Universal Benefit Account™ at www.tasconline.com. We deliver a smart, easy and connected system.

Visit our TASC news site at www.tasctracker.com and subscribe to receive news updates via email. Must-know information regarding TASC products is posted regularly on this site.

We look forward to serving you and your employees!

WELCOME TO TASC'S UNIVERSAL BENEFIT ACCOUNT™!

Get Started

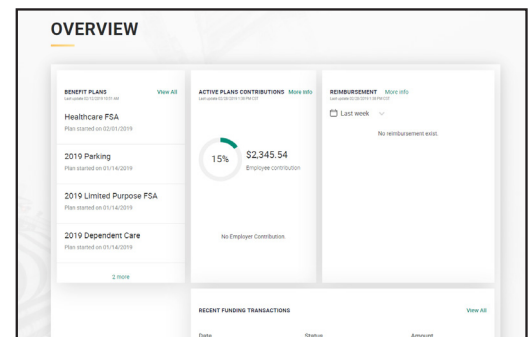
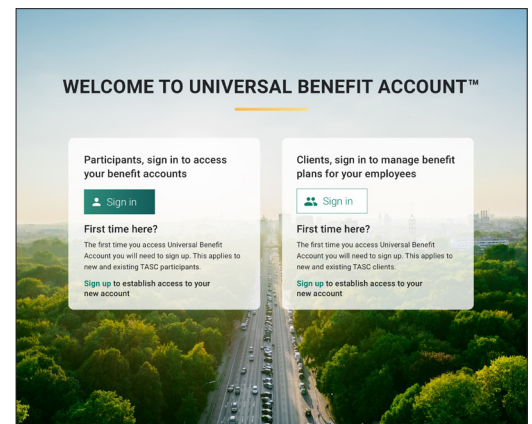
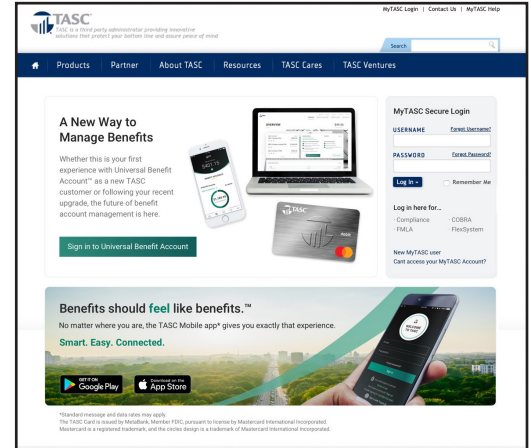
- Go to www.tasconline.com and click on the green sign in button to Universal Benefit Account. (**Note: Chrome is the preferred browser when accessing tasconline.com.**)
- Before you can sign in for the first time, you must sign up for an account. Click the green sign up link at the bottom of the screen.
- Enter your email address and create your own password (use the same email address you used for enrollment).
- Click on the white sign in button on the right for clients.
- Enter your email address and password where indicated.
- TASC will send you an email containing a six digit verification code. Enter the code and click verify.
- Confirm your name and email address and click continue.
- Read the Terms of Use and click agree.
- Add your mobile number where indicated. TASC will text you an authentication code. Enter that code where indicated and click verify.
- You are now sign up and signed in for the Universal Benefit Account.

Managing Your Account Online

You are now in the TASC Universal Benefit Account. The first page you will see is the Overview page. This page acts like a dash-board where you can review information about your benefit plans, contributions and disbursements, reimbursement totals, summary information about your active participants and their interactions, and funding transactions.

At the top right of the page, you check Alerts, manage your profile and add additional users under the Settings tab, find support through Frequently Asked Questions, or ask for help by submitting a Support Request through the Contact Us tab.

- On the left of the Overview page, are your active accounts. Click on View all if you have more than four accounts. Under your company name you see Alerts here that will notify you when items need your attention.
- Here you view the contributions and disbursements for current and previous years. You can see total number of transactions for reimbursement and the dollar value, including reimbursements that require additional verification and those that are auto verified. We show the most recent funding transactions in this view, but you can see all transactions by clicking View all.
- You can track your participants' interactions with TASC; how many calls, support requests, and chats they have started. Use this drop down to track how many participants are using the website and the mobile app.
- Finally, at the bottom of the page you will find information regarding other TASC accounts and service offerings you could use.



Adding Employees

Click on EMPLOYEES, and then on MANAGE EMPLOYEES. You can add multiple employees or one employee at a time by clicking on the appropriate START button.

For multiple employees, you can upload an employee-census file. If there are errors with the upload, the portal will notify you and allow you to fix the data before uploading it again.

To retrieve the census file template

- Select TEMPLATES from the FILES menu
- Click the icon next to the census file template to download
- Complete the census template as directed. Once completed, follow the instructions for uploading the completed employee-census file below

To upload the completed employee-census file

- Select MANAGE EMPLOYEE from the EMPLOYEES menu
- Click the ADD EMPLOYEE button
- If there are no employees in the system already, you will bypass step 2 and go directly to step 3 shown below.
- Click START button under the ADD MULTIPLE EMPLOYEES section
- Enable the Test File switch and then upload your completed census file
- If no file errors occurred, click the UPLOAD button.

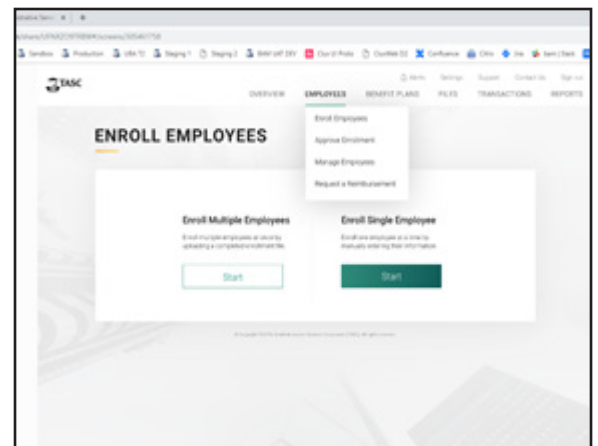
Enrolling Employees

There is two ways to enroll you employees in an account, enroll employees via file upload or one employee at a time ([coming soon](#)). To enroll employees, rvia file upoad.

- Select FILES from the TEMPLATES menu
- Click the icon next to the enrollment file template to download
- Complete the enrollment template as directed. Once completed, follow the instructions for uploading the completed enrollment file below

To upload the completed enrollment file

- Select ENROLL EMPLOYEES from the EMPLOYEES menu
- Click START button under the ENROLL MULTIPLE EMPLOYEES section
- Enable the Test File switch and then upload your completed enrollment file
- If no file errors occurred, click the UPLOAD button.



Approving Enrollments

- Select APPROVE ENROLLMENT from the Employees Tab Menu
- Search for the employee by name, TASC ID, class or keyword
- Click employee name or the pencil icon next to their name
- Edit personal information, employment information or dependent information as necessary.

By clicking on Manage Employees you can track your employees, which accounts they are participating in, their TASC ID, status, hire date, and class. Because the Universal Benefit Account™ contains all of your benefits plans and employees in one place, you can use the filters to narrow your results and quickly find the groups of employee's you're looking for. You can add a single employee as well.

Your Enrollment is Complete.

Your eligible employees are now enrolled, and your accounts is in place and operating! TASC will promptly send a Welcome Letter and Participant Reference Guide directly to each participant at their home address (or email address if provided).

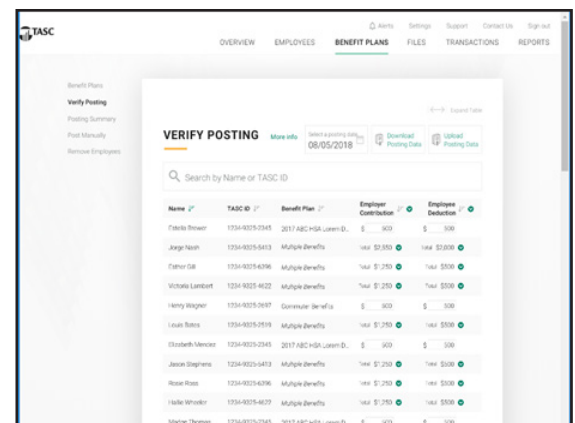
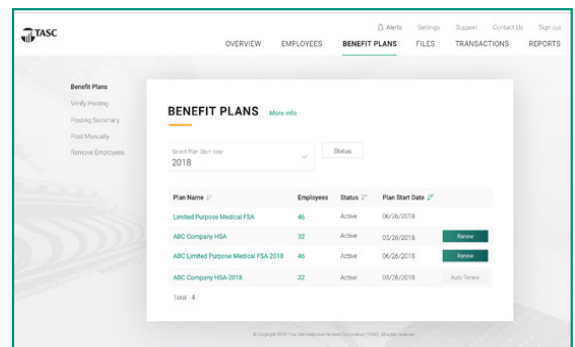
Benefit Plans

By clicking on any of your benefit plans on this page, you can access a Plan Summary for that account. Under the Plan Summary you access several actions.

- Click on Enrollment Information to view the dates of your plan year, enrollment methods, coverage period and funding method.
- Click on Coverage Period to view your coverage information including Allow Plan Extension Period, the number of (configurable) days of extension period, last day to incur expenses, (run out period), number of days of the run out period, and last day to submit expenses.
- Click on funding method to access your funding method, bank name and account number.

Posting Verification

- Select VERIFY POSTING from the BENEFIT PLANS Menu
- For future posting dates, you can edit individual amounts or make changes via files upload prior to the posting date.
- Locate employee name, if participating in multiple benefit plans, click the green down arrow to see all the benefit plans and the specific contribution amounts for each.
- Make desired changes by updating the amount
- Click SAVE



Change Many Contributions at Once

- If you have a lot of changes to make, you can download the complete posting data file, edit the spreadsheet and then upload the new posting data file.
- To upload the new data posting file, click UPLOAD POSTING DATA button. Drag and drop the new posting data file or use the 'Browse' button. Click UPLOAD button.

Posting & Funding

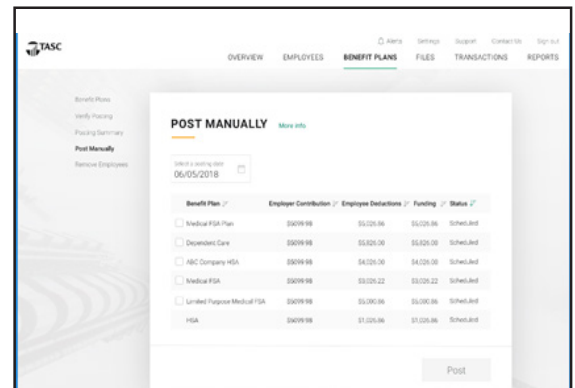
- Pick the POSTING DATE (this will populate automatically from your enrollment information)
- Download the POSTING DATA (it will be in a .csv file format)
- Make any necessary changes to data

The Verify Posting option takes you to a page to view all the Employer Contribution and Employee Deduction transaction amounts for each benefit account. The Posting Summary option takes you to a page summarizing the total contributions to all benefit plans, total employee deductions from their payroll and the total funding from the employer. You can view and filter by date and source of each posting.

Post Manually

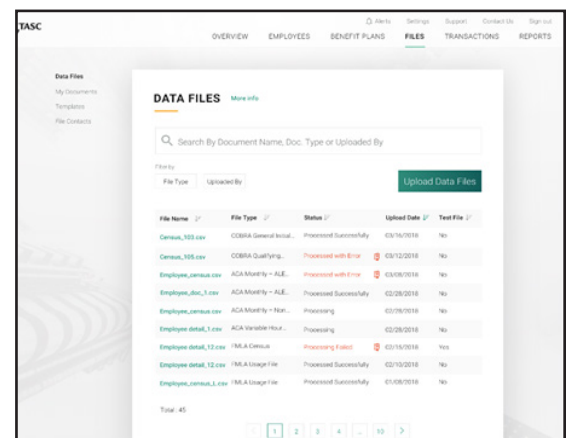
Posting contribution amounts can be automated or manual processes. This option displays the expected posting. The status here is scheduled because the posting has not occurred yet. You can select the benefit plan or plans of which a manual posting can be completed. The posting process moves the funds so participants can access those funds from their accounts.

The Remove Employees option allows you to terminate an employee on a specific date, and you can check if the employee retired as some benefit plan options may continue into retirement.



Files

The easiest way to get your employees into the system, enrolled, and manage account funding, the Files menu is where you manage these functions. Click on the Files tab to view and manage your data files. From the main Data Files page, you can upload files by clicking on the Upload Data Files on the right. You can search files that have been submitted, filter by File Type or by Uploaded By to narrow your results. Make sure to watch the status to ensure your file uploaded successfully. If it shows as Processed with Error, you can view where the error may have occurred.



Select from the My Documents options on the left side of your screen to review and upload documents like your employee handbook, HR policies, employee records and more. TASC will also upload common documents and guides to your page.

Click on Templates to access a complete set of file templates to assist you in managing your accounts. Choose from a Census file to upload a full list of your employees, an Enrollment template to complete your employee enrollment into any of your benefit plans or download the Posting Verification file template to complete prior to each of your payroll dates.

Once you download the appropriate file template you can complete the file with the required information, save it, and then upload the file for processing. Make sure to name the file exactly as specified using your client TASC ID number_file type_and date.

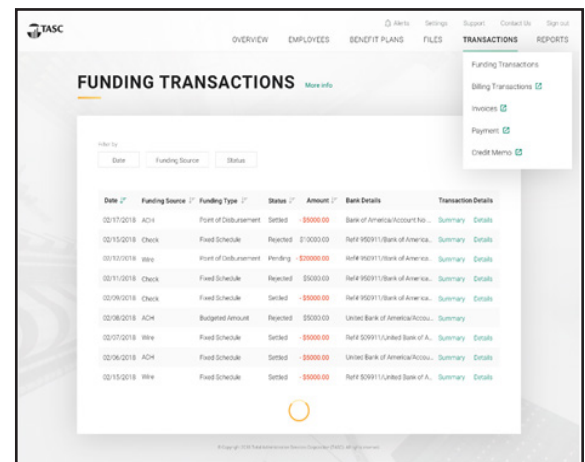
If you use a third-party vendor to generate and submit your files, TASC will work directly with the vendor to create a process for accepting and processing the file.

Click on the File Contacts option to access a list of your contacts with your organization or a vendor contact complete with Contact Name, Contact Types, Email, Phone Number, and Extension.

Transactions

Click on Transaction and choose from the following drop-down options: funding transactions, billing transactions, invoices, payment, and credit memos.

- Funding Transactions
 - You can check all funding transactions, filtering by date, funding source or status.
 - You can see dates, funding source, funding type, status, amount, bank details, and transaction summary and details.
- Billing Transactions (Net Suite)
 - You can track all your billing transactions with TASC including payments, invoices and credit memos.
 - You can filter your results by type and status.
- Invoices/Payments/Credit Memos (Net Suite)
 - Track your invoices, including status, customer, date, amount paid, and items.
 - Track your payments, payment status, payment method on this page.
 - Track your Credit Memos



Reports (coming soon)

You can access a variety of the reports on this page. Filter your results by Report Type, Time-Period, Benefit Plans and Divisions to locate the desired report quickly.

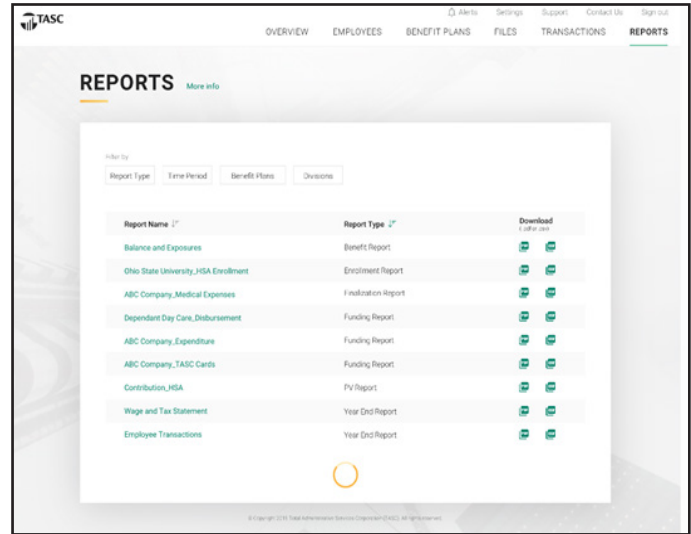
Once located, you can download any of the reports as either a PDF or CSV file with contributions, within IRS limits, for the plan year. Contributions are deducted throughout the plan year.

Depletion Ordering

When you offer multiple benefit plans, and employees enroll in more than one, any requests submitted can be paid out based on an order you choose.

Summary Plan Description

Once a benefit plan is fully set up a Summary Plan Description (SPD) is made available. The SPD outlines the parameters and benefits that your company selected with our plan application. In accordance with IRS regulations, the SPD must be provided annually to all employees who are eligible for participation in our plans under ERISA. This applies to any new hires, as well as to employees who may become eligible for the plan in the future. Please duplicate the SPD and distribute copies to your employees.



New Universal Benefit Account[™] Features

Alerts

Every time you sign in to your account online you may notice you have some alerts. Alerts are our way of calling attention to some matters concerning your account that need action. You can access your alerts by clicking on the alert tab at the top of the screen. You will also see alerts posted next to the item needing attention, such as a reimbursement, transaction or contribution. You can also select how you wish to receive alerts.

Audit Guarantee

TASC will support and assist any enrolled employers or participants who adhere to our Plan procedures and parameters and nevertheless have their Section 125 challenged by the IRS. We will provide:

- Plan Documentation and Communications
- Claim and Account Information
- Form 5500 Filing Information
- All other necessary information regarding TASC or other filing requirements related to the account

Additionally, if all procedures are adhered to, TASC will assume financial responsibility for any penalty and/or interest charged as a result of an audit that results in the payment of additional Federal, State, Social Security, or Medicare tax as these pertain to TASC. TASC will also assume financial responsibility for any penalty issued by the Internal Revenue Service or Department of Labor for untimely reporting or lack of reporting as these pertain to TASC.

Client Cash Account (coming soon)

When an employee leaves funds in a benefit account at the end of the year that cannot be rolled over, what happens? As an employer you may receive a check that you need to process in order to recoup these funds. Instead, we've created a way that saves a step (or three) by having these dollars directly deposited into a Client Cash Account. Think of it as "in-store credit" you can allocate back to the specific employee to use for additional benefits or help pay for the employee's benefit for the next fiscal year. Even better, utilize the full potential of Universal Benefit Account and offer a totally new account offering of value by using all of the leftover funds to create an Employee Crisis Account or Workplace Giving Account that gives back to your employees and community.

Document Warehouse

Document warehouse gives you the ability to store your benefit related documents on the Universal Benefit Account[™] system in your document warehouse for easy secure storage and ready retrieval. Here, you can see a complete history of all such uploads – note the Call to Action, with a link to download a status report. It's convenient storage for your own internal HR documents and reference materials.

Endless Aisle

When you want to stand out as an employer of choice to attract and retain top talent, you need a tailored benefit package that meets the unique needs of your organization and your employees. That's why we've created the Universal Benefit Account with an "endless aisle" of benefit accounts. With an unlimited account package, you can add as many accounts as you want—at no extra cost. We already have more than 50 to choose from, but account possibilities are endless—whatever you can imagine! And all the accounts work the same across features and channels, meaning participants use one website, one TASC Card, and one mobile app – for one easy, smart, connected experience.

Fast Track Service

Everyone knows how frustrating it is to be on hold waiting for customer service. All you need is a quick piece of information, but here you are, stuck on hold. With TASC Priority Queuing you feel important special because your call, transaction or inquiry gets fast tracked and you get on with your busy day. After you set it up, you contact TASC with a need or question. TASC's system is smart enough to recognize you and your employees and move your call (or email) into the fast pass line. You get faster resolution, transaction and service.

Hold Harmless

TASC provides one of the best, if not the best, protection packages in our industry. Available with all benefit accounts, we include a Hold Harmless clause in each Service Agreement and a total aggregate liability of one million dollars, setting TASC apart from competitors as a service provider that stands behind our services.

Individual Giving Account

With the Universal Benefit Account™ your employees are given their very own workplace giving account at no charge. They can set up one-time or recurring contributions (via payroll deduction, credit card, or bank transfer) that accumulate in their giving account until they decide to donate to their favorite charity(ies). We keep track of it all and provide a recap at year- end for tax purposes.

Pre-Built APIs

An interface is established that would automatically push TASC Universal Benefit Account™ data to and from an external system when applicable. The client would elicit the seamless experience and benefits through utilization of Universal Benefit Account™. API is a real-time transmission of information therefore it creates a seamless experience when presenting data from separate source systems when an API connection is established.

Role Based Security (coming soon)

You'll have the ability to create user access roles for the other members of your team. Whether that's your co-worker in another area of the business, like Finance or Compliance; your boss; or even someone outside your company, like a vendor or distributor, you can control what areas of the experience they'll have access to, selecting from a list of roles to ensure everyone can do what they need to do. It's as simple as checking a box.

Business Processing Timeline

Event	Event Title	Time Allotted	Responsibility
	Submit TASC USA & Purchaser Details with fees.	Varies*	Provider/Client
	TASC receives TASC USA & Purchaser Details, set up fees, and reviews, and assigns ID. Plan status changes to Setup.	2+ days (Client)	TASC
	TASC sends a Welcome email with sign in instruction.	1 day	TASC
	TASC schedules education call or webinar with employer and/or employer uses self-serve education on the online Client Education Guide.	1 week	TASC/Employer
One	Employer holds Enrollment Meeting.	Varies*	Provider/Employer
	Employer's open enrollment begins. Employer uploads a Census file that contains a record for all employees. Employees may go online and complete their enrollment, the employer may collect paper enrollments and upload a file or enter the participant enrollment information online. Employer approves enrollment, if required.		
	The plan is initiated and TASC Cards are issued to participant Participants receive a Welcome email that contains sign in information.	2 weeks to receive	TASC
Two	Participant accounts are open and reimbursements for qualified expenses for the current plan year begins.	1+ days	TASC and Post Office
Three	If required by the plan, Employer reviews and approves plan contributions and funding using the Posting Verification Report (PVR) online.	Varies*	Employer
	If employer submits PVR and paper check to TASC, PVR is received at TASC and it is edited, entered, and posted to accounts.	1 day (Clean) or 2 days (Unclean)	TASC
	Note: Claims for Dependent Care FSA, Non-Employer Sponsored Insurance Premiums, and Transit/Parking expenses may begin at this point.		
Four	Employer prints Summary Plan Description (SPD) and distributes to all eligible employees.	After start of plan year	Employer

* TASC cannot state the number of days this event will require, as the responsibility for this event is beyond TASC's control.

What is the TASC Card?

The TASC Card features two accounts on one card—benefits for employee benefits purchases—and MyCash for cash reimbursements.

The TASC Card looks like a typical debit card, but is used as a credit card for eligible expenses, based on the funds available in a participant's benefit account. Card purchases are limited to the accounts elected, and also to merchants with an inventory information approval system (IIAS) in place to identify eligible purchases. At the point of purchase, the IIAS automatically approves the purchase of eligible items and payment is made automatically to the authorized merchant from the participant's benefit account.



MyCash

TASC Card holders who do not use their TASC Card to pay for an eligible benefit expense may manually submit a request for reimbursement (online, mobile device, fax, or mail). Reimbursement for the out-of-pocket benefits expense will be deposited in the participant's MyCash account. MyCash funds can be accessed in three ways: (1) swipe the TASC Card at any merchant that accepts major credit cards, (2) withdraw at an ATM (with a PIN) using the TASC Card, or (3) transfer to a personal bank account from TASC. Funds in MyCash can be spent any way and anywhere; purchases are not limited to a merchant or by type of expense.

Participants may choose to direct deposit their MyCash funds to a personal bank account by clicking Set Up Direct Deposit from TASC. If a check is preferred, the participant can set up a transfer to a paper check from Schedule MyCash Transfer in TASC. (A check convenience fee may be applied per check.)

When will my participants receive their cards?

TASC Cards will be issued to participants 10 days following the completion of the enrollment. This delay in no way affects a participant's ability to access their account funds. Participants can submit a Request for Reimbursement (via the TASC Mobile app, the online Request for Reimbursement form, fax to 1-608-663-2762, or mail) to process claims prior to receiving their TASC Card.

How is the card issued?

The TASC Card will be mailed directly to the participant's home address along with the Cardholder Agreement. A PIN is required if a participant would like to access their MyCash funds via an ATM using their TASC Card. A PIN can be obtained online: sign in to TASC (www.tasconline.com) and click TASC WALLET. A participant may request one card for a dependent at no charge. A \$10 fee is charged for additional cards. To request a dependent card, sign in to TASC and click Manage My Card, then press the Request Card button under Dependent Card(s).

How can a lost/stolen card be replaced?

Participants must notify TASC immediately to report a lost or stolen TASC Card. To do so, (a) sign in to TASC (www.tasconline.com) and click Manage My Card, then press the Reissue Card button, and select Lost/Stolen as the reason for reissue; or (b) submit an online Service Request (from TASC, click Contact Us); or (c) call Customer Care at 608-241-1900 or 800-422-4661. A new card will be issued within 7-15 days and a \$10 reissue fee will be automatically withdrawn from their account (pre-tax).



How do I add a new employee and notify TASC when an employee terminates?

Following successful enrollment, new participants will be automatically issued a TASC Card. The participant's TASC Card remains active until you notify TASC of the participant's termination or cancel the plan. Upon notification of termination or on the effective date of a plan cancellation, the benefit account will be automatically deactivated. Once the card has been deactivated, a participant can access available benefits funds by requesting reimbursement using one of the alternative Request for Reimbursement submission methods (fax, mail, or online).

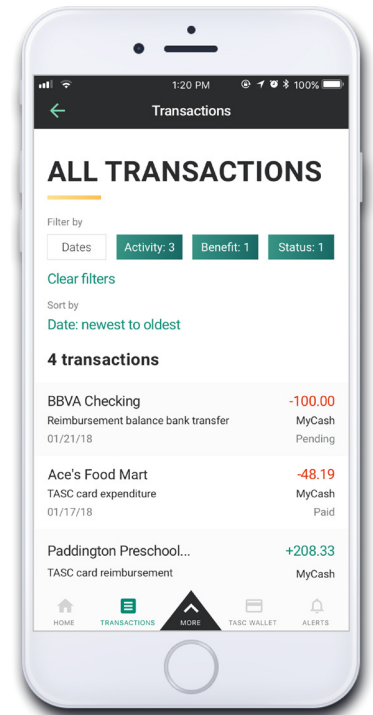
The MyCash account is handled differently. While the Benefit account is deactivated upon termination, the MyCash account stays available until all funds are depleted. Even when your employee benefit plan grace period has expired, the participant may continue to access their MyCash funds via their TASC Card indefinitely. To do so, the participant must simply cover a monthly \$5 account maintenance fee. To close the MyCash account, the participant should spend, transfer, or withdraw their funds within 90 days of termination.

TASC Mobile App for your Participants

The TASC Mobile app is a fast and accessible account management tool for your participant's accounts! With TASC Mobile app, your participants are now able to securely access their account(s) balances from anywhere at any time using their mobile device.

TASC Mobile App Features:

- Submit a request for reimbursement for out-of-pocket eligible expenses.
- Upload pictures of receipts with phone camera.
- View real-time account balances and transactions for active and closing plans and MyCash account.
- Review account information and annual contributions.
- Securely sign in to www.tasconline.com with username and password.



Benefits should **feel** like benefits.™

No matter where you are, the TASC Mobile app* gives you exactly that experience.

Smart. Easy. Connected.



*Standard message and data rates may apply.

The TASC Card is issued by MetaBank, Member FDIC, pursuant to license by Mastercard International Incorporated. Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated.

TASC UNIVERSAL BENEFIT ACCOUNT™

HEALTHCARE ACCOUNTS



Healthcare Flexible Spending Account

Section 125 Cafeteria Plans (also called Flexible Spending Accounts or FSAs) allow participants to elect or set aside pretax dollars to pay for medical out-of-pocket expenses, dependent care expenses, and work-related transit expenses. The amount deducted from the participant's salary to pay for these expenses is called an "election." These pretax payroll deductions allow participants to be taxed on a lower gross salary, thereby saving them money that would otherwise be spent on federal, state, and FICA taxes (will vary by State). As the employing company, you reduce your portion of FICA taxes (7.65 percent for every dollar a participant pre-taxes through the FSA).

Eligibility Requirements

FSA regulations require all participants to be employees of the employer, and eligible for the group health plan. As such, eligibility to participate is generally limited to common-law employees of the employer and the specific eligibility requirements for the plan are set out in the plan document and summary plan description. It is important to note there are individuals who are specifically excluded from participating in an FSA. For instance, a sole proprietor or owner of a LLC may sponsor an FSA; however, the owner(s) are not considered an employee and thus may not participate. In addition, more-than-2% shareholders of an S-Corporation are not eligible to participate and due to attribution rules, the shareholder's spouse, children, parents, and grandparents are also excluded from participation.

How a Healthcare FSA Works

Employees may enroll in Healthcare FSA at the start-up of a new plan or at the time they first become eligible for a plan. During enrollment, all participants must choose their election(s) for each benefit account in which they will be participating for the plan year. Elections are specific to each benefit type, meaning that dollars set aside for dependent care can only be used for dependent care and not for healthcare expenses, etc. With a section 125, you (employer) deduct the FSA-elected amounts for the reimbursement benefits from each participant's payroll (pretax) and deposit the withheld amounts to TASC. TASC maintains these funds in an account until the participant requests a reimbursement (via TASC Card or manual request). section 125 also allows you to deduct the employee's portion of group-sponsored premiums under the plan, when elected. You send these premium contributions, along with any employer portions, directly to your insurance provider. They are not maintained or tracked via TASC, however we include the language allowing these deductions to be pretaxed in your documents.

HIPAA Requirements

As a result of the Health Insurance Portability & Accountability Act (HIPAA), employers who sponsor a health reimbursement plan are subject to regulations that ensure the privacy and confidentiality of individual health information, otherwise known as Protected Health Information (PHI). The HIPAA Compliance Manual provides information regarding the requirements and regulations of HIPAA.

Transitional Period

Following the end of the plan year is considered the transitional period. This is usually 90 days. During this time, the participant may continue to submit Requests for Reimbursement for FSA expenses incurred during the previous plan. The plan year officially closes following the end of the transitional period.

Carryover Option for Healthcare FSA

At the end of the plan year, you may allow a Carryover in which participants may carryover a portion of their unused Health FSA balance (up to \$500) to the next plan year, even if the participant did not re-enroll. Any unused Health FSA funds (exceeding the Carryover maximum) are forfeited to the employer. Carryover occurs after the Transition Period (Claims Runout Period) end date. During the Runout Period, participants in past and current plan years may request reimbursements from both respective plan years. The correct service date must be entered to ensure accurate reimbursements. Universal Benefit Account will move carryover funds the first day of the plan year. If a participant submits a claim for a past plan year, the system will deduct accordingly.

NOTE: Participants who did not re-enroll in the account will have a zero for their annual election and Carryover funds will be included in their available balance for the new plan year. Because the Carryover accords participants a \$500 safety net, it's strong motivation for them to contribute at least \$500 or increase annual election amounts.

2.5 Grace Period Extension Option

During the 2.5 Grace Period Extension, participants may continue to incur and submit eligible expenses against the just-ended plan year. Your current Claims Runout Period will remain the same, and will run concurrently with the Grace Period.

Please be aware that because the accounts may remain open past the end of the plan year, it is important that you are mindful of possible financial impacts to you:

- TASC will invoice for your participants who remain in the plan during the 2.5 Grace Period Extension (an additional two months and 15 days).
- This fee reflects our need to manage and administer your participants' accounts for the 2.5 Grace Period and the Claims Runout period.
- Finally, we note that these fees do not affect clients with flat fee invoicing or those billed annually.
- To switch to annual invoicing, contact Customer Care.

A participant may request reimbursement any time a qualified expense has been incurred. The service related to the expense needs only to have taken place; it need not be paid before requesting reimbursement. The participant may only claim reimbursement for:

- eligible expenses incurred during the applicable plan year, or subsequent 2.5 Grace Period (if applicable);
- expenses incurred by eligible participants; and
- for expenses that have been neither previously reimbursed under this or any other benefit plan, nor claimed as an income tax deduction.

It is the participant's responsibility to comply with these guidelines and to avoid submitting duplicate or ineligible requests. Failure to comply may delay reimbursement payment.

Request Verification

All reimbursement requests must include verification. Upon receipt of the reimbursement request and verification, TASC will verify the expense and process the request. Any request that fails verification will be denied. If payments for ineligible expenses or request overpayments occur, TASC will hold the participant responsible for refunding those amounts back into their account. The resolution process can be found in the TASC Service Level Agreement.

Daily Claims Processing and Payment

TASC processes Requests for Reimbursements daily and payments are initiated within 48 to 72 hours of receipt of a complete and accurate reimbursement request. All reimbursements are deposited directly into a participant's MyCash account, unless otherwise instructed. Participants with bank direct deposit must check with their financial institution for deposits of FSA funds. TASC is not responsible if a participant's bank account is assessed non-sufficient funds fees in anticipation of required deposits to cover Requests for Reimbursements.

Availability of Funds

For reimbursements under the Healthcare FSA, the full annual election is available for reimbursement at the start of the plan year.

Availability of Funds: Uniform Coverage Rule

In accordance with the IRS Uniform Coverage Rule, a participant's total annual Health FSA election amount must be available at all times during the participant's period of coverage (less any prior reimbursements). Therefore, a participant's Health FSA annual election cannot relate to the amount contributed to the Health FSA during their active coverage period and any negative contribution balances are the responsibility of the employer. In sum, when a participant terminates their Health FSA and the reimbursements to the participant exceed the amount of contributions taken, the employer is responsible for funding the difference. This is the employer's part of the risk feature required of a Cafeteria Plan. The risk to the participant is when they are not able to use all of the funds they contributed to the plan (the Use-or- Lose Rule).

Ordering Rules for HRA Plans with FSA

If an employer has a Health Reimbursement Arrangement (HRA) along with their Health FSA, certain ordering rules apply to reimbursements. The employer chooses the ordering rules at plan set up.



Health Reimbursement Arrangement

TASC Health Reimbursement Arrangement (HRA) offers employers Accounts designed to work in conjunction with a company-sponsored group health insurance plan. An HRA is the right choice for employers who want to allocate a set dollar amount for employees to use on their healthcare expenses, or for employers who offers an Account that covers a specific type of medical expense such as deductible expenses.

Our HRA plan design offerings are standardized to seven (7) basic types:

- Deductible Only Expenses
- Deductible/Rx Expenses
- Deductible/ Coinsurance Expenses
- Deductible/Co-pay/Rx Expenses
- Uninsured Medical (213d) Expenses integrated with a health plan
- Deductible/Co-pay/Coinsurance/Rx Expenses
- Qualified Small Employer HRA

Qualified small employers with less than 50 full-time employees, who do not offer a group health plan to any employee, may offer a Qualified Small Employer HRA (QSEHRA) that covers medical expenses as defined by section 213(d)

And/or premiums for individual health insurance plans. These QSEHRA plans still allow for custom configuration as outlined. Within those plan design offerings, there are endless variations of the maximum payout amounts and tier level designations.

- This QSEHRA Plan (started in January 1, 2017) repeals the prohibition to offering an HRA Plan without a group health plan. This is the rebirth of the stand-alone HRA plan for Small Employers offering individual insurance.

For annual limits, please visit our benefits limits page at <https://www.tasconline.com/benefits-limits/>.

- The QSEHRA is not a group health plan and is not subject to COBRA.

Explanations of Benefits or an itemized statement are required as follows:

Deductible and/or Coinsurance

- An Explanation of Benefits (EOB) must accompany all Requests for Reimbursement evidencing the expenses as applicable to the insurance deductible or coinsurance amount.
- An EOB or Itemized Statement must accompany all Requests for Reimbursement for evidence the expense as applicable to reimbursing 213(d) expenses.

IMPORTANT: There are 3 additional compliance requirements for QSEHRA:

1. The law requires the employer to obtain proof that their employees have Minimum Essential Coverage. This is used to determine when the benefits under the Qualified Small Employer HRA are taxable income. The QSEHRA benefits are taxable income for any month in which the employee is not covered under Minimum Essential Coverage. TASC provides a certification on its enrollment form for you to use.
2. The Maximum Benefit under the QSEHRA is reported on the W-2 Form. Check with your tax or payroll advisor to determine how this is reported. If you use the TASC PayPath offering, then TASC will report this requirement.
3. There is a notice requirement for every employee who participates which TASC will provide.
- 4.

Plan Funding Arrangement

Unique in the industry and available to TASC Clients only is the TASC Funding Arrangement. This distinctive fund management program allows employers to advance reimbursement payments to employees before the full

reimbursement amount is present in their account. TASC and not the employer fronts the necessary funds to reimburse employee requests. TASC HRA Clients use the Funding Arrangement as an effective budgeting tool. Gone are the financial management issues that may arise when the necessary funds must be collected in advance to cover the occasional spike in employee requests. TASC manages request volatility without disrupting reimbursements to employees.

Establishing the Funding Arrangement

When an employer establishes an HRA Plan, he/she assumes the risk that all insured may reach the Account maximums; this does not happen often. At the beginning of each Plan Year, a Funding Arrangement amount is established based on an estimated utilization factor. The utilization factor varies depending on the benefits offered and is designed as a floor amount, thus allowing the employer a way to establish their personal comfort level related to Account risk.

Once established, this set monthly amount is transferred from the employer's account directly to TASC via ACH. These funds are used to pay employee reimbursements. TASC will pre-fund participant reimbursements even when funds are insufficient in an employer's account at the time of the request. If an employer's plan experiences monthly requests that are less than the monthly funding amount, the fund balance will be held in the employer's HRA account. If during the year claim utilization exceeds the annual plan funding, TASC reserves the right to require an employer to fund all requests exceeding the annual plan funding.

On a quarterly basis, TASC will do an official review of the employer's claim utilization and compare it to the Plan Funding Arrangement. On a monthly basis, TASC will do a quick review to ensure that the Plan is not in a negative balance. At either of these reviews, TASC will determine if there are necessary adjustments to the Plan Funding Arrangement. If it is determined that claims experience exceeds funding received, the Client will receive an email indicating the amount due that will be taken by ACH debit for the difference between reimbursements paid and the funding received. To ensure that you are up-to-date with your current reimbursements utilization status, all employers are encouraged to review the reimbursement history web tools and reports located online. Our easy-to-use web is available for you in real time, 24/7.

CMS Reporting Requirements for HRA Plans

As part of the Medicare, Medicaid, and SCHIP Extension Act of 2007, the Centers for Medicare and Medicaid Services (CMS) require Health Reimbursement Arrangement (HRA) reporting under Section 111. TASC will serve as the Responsible Reporting Entity (RRE) for all eligible HRA Plans.

CMS reporting for HRA Plans is required for those Plans with the following parameters:

- An annual benefit value of \$5,000* or more.
- 20 or more employees.
- Employers who participate in a multi-employer Group Health Plan with a combined 20 or more employees.
- Employers who have covered an individual on their Plan who is receiving dialysis or has had a kidney transplant.
- Reporting is exempt for HRA Plans with the following parameters:
 - An annual benefit value of less than \$5,000
 - Less than 20 employees
 - Retirement plans
 - COBRA plans
 - Non-medical plans such as dental and vision plans

TASC is required to report on any Active Covered Individual who is either:

- 45 years old or older;
- Receiving kidney dialysis or who has received a kidney transplant, regardless of their own or a family member's current employment status; or
- Entitled to Medicare and has coverage based on their own or a family member's current employment status.

An Active Covered Individual is defined as someone who may be Medicare eligible and currently is employed, or an employee's spouse or other family member who is covered by said employee's Group Health Plan and who may be eligible for Medicare and for whom Medicare would be a secondary payer.



Along with basis demographic information, we will require the following information to be provided to us so that we can fulfill the requirements of CMS HRA reporting.

- Employee Social Security number
- Employee date of birth
- Spouse date of birth
- Spouse Social Security number
- Date of birth, Social Security number, and HICN number (if available) for any known dependent that is currently covered by Medicare

NOTE: While CMS reporting requirements mandate that we include Social Security number and date of birth, this information will not be used for any other purpose and will not be included on any participant forms we generate. More information regarding CMS reporting can be found at www.cms.gov.

*The benefit value includes funding deposit amounts rolled over from the previous year's coverage. TASC will provide a limited enrollment version for Qualified Small Employer HRAs in which we don't require the full data set captured for CMS reporting required plans.

Summary Benefits and Coverage Requirements

- The Departments of Treasury, Labor, and Health & Human Services (HHS) have released regulations regarding the Patient Protection & Affordable Care Act (PPACA) requirement to distribute a uniform explanation of coverage. Per the regulations, group health Plans and health insurance issuers must distribute an easy-to-understand Summary of Benefits and Coverage (SBC). As a self-funded group health Plan, your TASC HRA Plan is subject to the SBC requirements.
- TASC will work with you to ensure that your HRA Plan remains in compliance with this important requirement. Please carefully review the below details to ensure that you are ready for this regulation.
- This requirement begins for the first open enrollment period that commences on or after September 23, 2012.
- TASC will provide the SBCs along with your Summary Plan Description for new HRA Plans and at Plan renewals.
- TASC will provide the SBC to the employer, who will be responsible for distribution to the required employees and dependents.
- You must distribute the HRA SBC at open enrollment (renewal): If you distribute written materials for enrollment (in paper or electronic form), the SBC must be provided as part of those materials. If no HRA materials are distributed, then the SBC must be provided no later than the first date a participant is eligible to enroll in coverage; at special enrollment: Within 90 days after special enrollment; this rule applies to the Summary Plan Description as well, or on request: No later than seven business days after request.
- Who needs to receive the HRA SBC? Every employee, spouse, and dependent enrolled in or eligible to enroll in your HRA Plan. In contrast, the Summary Plan Description (SPD) is required only for persons who actually enroll/re-enroll (renew) in your HRA Plan. One HRA SBC mailed to the employee's last known address will suffice (covers everyone who is eligible in the employee's family) unless you have information that a Plan-eligible family member does not reside with the employee.
- Can you disseminate the HRA SBC by electronic means? The same Department of Labor rules that are used for your Summary Plan Description and other ERISA documents apply. In summary, if you provide the SBC by Internet posting, you must also distribute a paper notice or email notice of the availability. Besides detailing the Internet address, the notice must indicate that the SBC is available in paper form on request.
- Are you required to provide the HRA SBC in another language? If the SBC is distributed to residents of a county wherein 10% or more of the population is literate in the same foreign language only, then the SBC must include a notice that interpretative services are available. For a list of counties in which this is required go to www.cciio.cms.gov/resources/factsheets/class-data.html.
- What happens if you do not provide the SBCs? The penalty for failure to provide an SBC has increased to \$1,128 (up from \$1,105) for each failure. The new rate is effective for penalties assessed on or after October 11, 2018, for violations occurring on or after November 2, 2015
- If you have any questions or concerns regarding this requirement, please contact TASC Customer Care.

PCORI Fees

The Patient-Centered Outcomes Research Institute (PCORI) was established by the Patient Protection & Affordable Care Act (PPACA) to evaluate the quality of various medicines and treatments. A private, nonprofit corporation, this Institute conducts comparative clinical effectiveness research and is funded in part by plan sponsors (i.e., employers) of self-insured health plans.

Employers/plan sponsors with self-insured health plans (including non-excepted Health Reimbursement Arrangements and non-excepted Health Flexible Spending Arrangements) are required to file IRS Form 720 and remit PCORI fees to the Treasury Department on an annual basis. Fees are payable on a seven-year rolling schedule for plan years beginning on or after October 1, 2012 through plan years ending September 30, 2019. Fees are due on July 31 of each year for plan years that ended during the prior calendar year. Initially this fee was \$1 per each covered life; then increased to \$2 after the first year and in subsequent years will be adjusted based on medical inflation rates. In Notice 2018-85, the IRS set the amount used to calculate the PCORI fee at \$2.45 per person covered by plan years ending Oct. 1, 2018, through Sept. 30, 2019. PCORI is set to end in 2019.

TASC PCORI will handle all the bother and decipher the confusion inherent in meeting the new requirements. For a small fee, we will take the mystery out of PCORI and make sure your Plan is in compliance. We will unravel the complexities of employee count determination and fee calculation. We will send you complete instructions for completing and filing IRS Tax Form 720 along with the required PCORI information. By alleviating this confusion, TASC PCORI helps you maintain and continue this important employee benefit.

TASC's ERISA has added the PCORI service to its service offering. At no charge to ERISA Clients, TASC will, on an annual basis, assist in determining which of your plans are subject to these fees and the actual fees due. In addition, ERISA will provide you with guidance relating to the filing of IRS Form 720 and payment of the fees.

Funded Health Reimbursement Arrangement

TASC Funded Health Reimbursement Arrangement (FHRA) clients will receive some new features when upgrading the Universal Benefit Account.

- Claim active participants will receive a TASC Card, which provides instant access to healthcare funds in their Funded Health Reimbursement Account, with a simple swipe.
- Participants can use up to \$1000 for a TASC Card item. The money used will trigger a sale of investments to replenish cash account and the invested balance will be reduced daily by the amount of any card transactions until the invested balance is \$0.00.
- Your FHRA will move from weekly to daily claims processing for a much more efficient experience.
- To access your investment accounts visit www.tasconline.com. Once signed in, click on your FHRA benefit account and then on Investment Balance Manage Cash Threshold to access Schwab Retirement Technologies.



Health Savings Account

An HSA is a tax-advantaged investment vehicle that offers three separate tax benefits for participants:

- Payroll contributions into an HSA are pretax.
- Earned interest on investment funds is tax-free.
- Distributions for qualified expenses are tax-free.

Employer and employee contributions alike may be made on a pretax basis via payroll deduction and are treated the same as the other benefits under the Cafeteria Plan; they are not subject to state tax (certain states apply), federal income tax, or FICA tax. Paying for eligible expenses on a pretax basis allows your employees to increase their take-home pay, without costing you more money. Meanwhile, you reduce your FICA taxes for every employee dollar contributed.

Plan Summary and Requirements

An HSA is established by an eligible individual to pay the qualified medical expenses incurred by the eligible individual and any dependents. An eligible individual meets the following requirements:

- Individual is covered under a High-Deductible Health Plan (HDHP) on the first day of the month.
- Individual does not have any other health coverage except for “permitted coverage” (i.e., accidental, dental or vision coverage).
- Individual cannot be enrolled in Medicare.
- Individual cannot be claimed as a dependent on someone else’s tax return (spouse excluded).
- Individual may not be enrolled in a General Purpose Health FSA.

An HSA must be set up with a qualified custodian or trustee. TASC’s custodian is State Bank of Cross Plains (SBCP) and is strategically focused on the HSA product and its benefits.

HDHP Requirements

- HSAs work hand in hand with a qualifying High-Deductible Health Plans (HDHP). Individuals who make contributions to an HSA must be covered by an HDHP. The HDHP must satisfy minimum deductible amounts with certain out-of-pocket maximums. For annual limits, please visit: www.tasconline.com/benefits-limits.
- HSA account-owners (participants) may not be covered by any other insurance plan that is not an HDHP, or by an insurance plan that covers benefits provided by the HDHP or includes a deductible that is lower than the HDHP’s deductible. There are exceptions for “permitted insurance” or “permitted coverage” products.
- HSA Coordination with your Cafeteria Plan.
- Under certain circumstances an employee may establish and fund an HSA in addition to funding a Limited-Purpose Healthcare Flexible Spending Account (LPFSA).
- For example, the Limited-Purpose Healthcare FSA may be established to reimburse dental and vision expenses exclusively.

HSA Contributions & Funding

There are three ways funds can be deposited into a participant’s HSA:

- You, as the employer can contribute to the participant’s account,
- Participants (employees) can contribute to their account (pretax payroll, as well as after-tax), or
- Both you and your employees can contribute.

Contributions to the TASC HSA are subject to annual limits set by the IRS. When electing their annual contribution amount, the system will warn employees who exceed the federal funding limit. The maximum annual contribution amount is indexed annually.

Note: Two-percent or more shareholders in S-Corporations, Sole Proprietors and LLCs are not allowed to pay for their HSA contributions with pretax dollars.

HSA participants (accontholders) may be subject to the Special Rule for Married Individuals, which states that married individuals with family coverage must divide their annual HSA contribution limit equally between each other, unless they agree upon a different division.

For more information on this Special Rule, go to: www.irs.gov/pub/irs-drop/rr-05-25.pdf

HSA Distributions

Accontholders may request a reimbursement from their available HSA balance at any time. Reimbursements may not exceed the amount in the HSA at the time of the request unless you have elected TASC Card Decline Protection and may not be included in gross income if used to pay for qualified healthcare expenses (as defined in Code Section 213(d)). Reimbursements received for qualified healthcare expenses (not covered by the HDHP) are distributed tax-free.

Unless individuals are disabled, enrolled in Medicare, or die during the year, they must pay income taxes plus an additional 20% on any amount not used for qualified healthcare expenses. Individuals who are disabled or reach age 65 can receive non-medical distributions without penalty but must report the distribution as taxable income.

Unused contributions to the HSA—even if offered under a Cafeteria Plan—are not forfeited at the end of the plan year; instead they rollover from year-to-year. In addition, when an employee moves from one employer to another the HSA funds are not lost; they are portable and stay with the account-owner.

HSA Eligible Expenses

Expenses are considered eligible for reimbursement from an HSA if the healthcare expense includes amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness.

Appropriate HSA expenditures also include Medicare insurance premiums (except Medicare Supplement policies),

long-term care coverage, health coverage while receiving unemployment benefits, and healthcare continuation coverage required by federal law (known as COBRA coverage). HSAs may reimburse long-term care insurance premiums limited to the adjustment amounts under section 213(d)(10), even when the HSA is offered through a Cafeteria Plan.

- It is important that participants retain pertinent documentation regarding distributions from an HSA.
- IRS Publication 502, Medical and Dental Expenses (section 213(d)) governs what is and is not eligible and includes a detailed list.

Investment Account Options

HSAs are especially unique because they allow accontholders to further save for retirement. Specifically, accontholders can choose to set-up their HSA benefits account to automatically sweep funds (in excess of \$2,000 minimum HSA balance), out of the HSA account and directly into their pre-selected investment account(s).

Once the investment transfer amount is defined by the accontholder, funds above that amount will automatically sweep to the consumer's investment account. In addition, an accontholder may have the HSA funds swept into a Deposit Account (works much like a money-market account; funds are safer and provide a smaller interest rate return).

Participants can choose to leave the money in their HSA for future use. The funds left in the HSA earn a minimal interest amount.

Finally, for advice on investments choices, Participants should be directed to contact a licensed investment expert. TASC does not offer investment advice, nor should you, as the employer.

TASC UNIVERSAL BENEFIT ACCOUNT™

FRINGE BENEFIT ACCOUNTS



Dependent Care Account

When you choose to offer the Dependent Care FSA benefit under your FlexSystem Plan, employees are able to set-aside pre-tax dollars to use for eligible dependent care expenses. Employees who elect to participate in the Dependent Care FSA will make an annual contribution election to be deducted pre-tax from their payroll throughout the Plan Year. Unlike the Healthcare FSA, Dependent Care funds are only available to use for eligible expenses as they are contributed (pay in-pay out).

Dependent Care FSA Funds DO NOT Rollover. Participants are encouraged to be conservative in making elections because any unused funds left in their Dependent Care FSA at the close of the Plan Year are not refundable, nor is Carryover available for the Dependent Care FSA. A period of no more than three months following the end of the Plan Year is considered the transitional period. During this time, the Participant may continue to submit reimbursement claims for expenses incurred during the previous Plan Year or during any elected Grace Period.

Dependent Care FSA Requirements. Eligibility for the dependent care benefit requires that certain criteria be met with respect to the expense, the provider, etc.

- The dependent care expenses must be work-related. The care must be necessary for the employee and the employee's spouse to work, to look for work, or to attend school full-time, or if they are physically unable to care for their children.
- The dependent care expenses provided during a calendar year cannot exceed \$5,000. In the case of a separate return by a married individual, the limit is \$2,500. This amount may be less if the employee's earned income or spouse's earned income is less than \$5,000.



Transit Account

Section 132 of the Internal Revenue Code allows for qualified Transportation Benefits to be paid on a pre-tax basis. All qualified costs are paid through salary reduction and as such escape federal, social security, and state income tax. The concept mirrors that of a Cafeteria Plan. TASC offers Transportation Benefits in the form of a Transit Account and a Parking Account. You may offer either Account, or both, to your employees.

Eligible Transportation Expenses - All transit and parking expenses must be work-related in order to be eligible for reimbursement.

A transit pass: this is any pass, token, fare card, voucher, or similar item that entitles a person to transportation on mass transit facilities which include (but are not limited to) transport by rail, bus, train, or ferry.

Transport on a commuter highway vehicle: the vehicle must have a seating capacity of at least six adults and at least 80 percent of the mileage must be for purposes of transporting the employee between their residence and their place of employment.

Pre-Tax Benefits

All related costs may be paid through pre-tax salary reduction, which benefits employees as they escape federal and state income tax, in addition to Social Security and Medicare taxes. Depending on the type of transportation expenses, the benefit may operate similarly to the Dependent Care FSA or the Individual Premium Reimbursement component of a Cafeteria Plan.

Transit/Parking Funds MAY Rollover

Any Transit/Parking fund balances remaining at the end of the Plan Year will be forfeited unless you (employer) choose to carry these funds forward to the following Plan Year for use by the participating employee (does not need to be enrolled in the new Plan Year).

Employee Enrollment & Elections

Administration and operation of the Transportation Benefit is simple. If you offer this benefit, participants make an election via enrollment form while following the IRS monthly limits. Monthly limits apply for Transit and Parking Benefits. View current limits at: www.tasconline.com/benefits-limits. Funds will be accepted as a special adjustment through the Payroll Verification Report Management only (in MyTASC). Enter the transportation costs on the line assigned for transportation benefits within the Request for Reimbursement process.

Change in Elections

Changes may be made to Transportation Benefit elections each month by the participant, as the amounts paid each month may fluctuate. Requests for election changes must be submitted to the employer (as directed by employer). TASC offers a Change Request form that may be used.

TASC Card Requirement for Transit Benefits

Effective January 1, 2016, the Internal Revenue Service (IRS) no longer allows manual cash reimbursements for pre-tax Transit Benefits. This means that your employees who participate in the Transit Benefits Plan will be required to use their TASC Card to purchase transit passes from a qualified merchant. This requirement does not apply to Parking Benefits. Participants may use the TASC Card or request a reimbursement for eligible parking expenses.

Parking Account

Qualified parking: this includes costs paid for parking on or near the employer's business premises or at a location from which the employee commutes to work by mass transit facilities, commuter highway vehicle, or carpool.

If parking is at an employer-provided facility, the employer may deduct the cost of parking on a pre-tax basis. As such, this deduction will be a payroll adjustment, treated much the way group-sponsored health insurance is handled under Section 125.

Accountable Plan Offerings

An accountable plan is an employee reimbursement allowance arrangement or method for reimbursing employees for business expenses that complies with IRS regulations.

The accountable plan must satisfy three basic requirements:

1. expenses have a business connection;
2. expenses are substantiated/accounted for in a reasonable period of time; and
3. excess reimbursements or allowance amounts are returned within a reasonable time period.

Business Connection - Business expenses covered by the plan must satisfy the requirements for deduction as business expenses; and must be paid or incurred by the employee in connection with the performance of their job as an employee.

Expenses Substantiated - The business expenses must be adequately accounted for with the employer within a reasonable time. The employer must require employees to provide detailed information on these expenses which should include date, time, place, amount, and business purpose for the expense.

Excess reimbursements – An excess reimbursement is a reimbursement or allowance greater than allowable amounts. The employee must return excess reimbursements to the employer within a reasonable period of time or these excess amounts are taxable to the employee.

The accountable plan deductions apply only to employees (not owners, board of directors, partners, contracted employees).

Requirements for accountable plans should be put in writing and would typically be incorporated in the employer's employee policy and procedures manual.

Tax Treatment - Amounts that are paid under an accountable plan are:

1. excluded from the employee's gross income,
2. not reported as wages or other compensation on the employee's Form W-2.
3. exempt from the withholding and payment of employment taxes, FICA, FUTA, RRTA, RURT, and income tax.
4. amounts are deductible as business expenses by the employer subject to any regulatory limitations.

Under the Tax Cut and Jobs Act of 2017 the standard deduction amounts were increased. Subsequently the deduction for job expenses subject to 2% floor, such as certain professional fees and unreimbursed employee business expenses, was suspended for tax years between 2018 and 2025. This should make these accountable plans more popular.

Reasonable Period Of Time Safe Harbor: Actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

1. You receive an advance within 30 days of the time you have an expense.
2. You adequately account for your expenses within 60 days after they were paid or incurred.
3. You return any excess reimbursement within 120 days after the expense was paid or incurred.
4. You are given a periodic statement (at least quarterly) that asks you to either return or adequately account for outstanding advances and you comply within 120 days of the statement.

TASC's Accountable Plan Offerings

The following Accountable Plans to be offered by TASC:

1. Professional Dues and Subscription Account
2. Home Office Account
3. Travel and Entertainment Account
4. Work Clothes Account
5. Workplace Tools Account

Important Notes: With each of these plans the vision is that the employee would be able to utilize a TASC card for payment of the expense as well as have the capability to submit a paper claim for reimbursement.

Typically, with these plan an employee would receive an advance, use a business credit card or be reimbursed after the fact. The use of a TASC card would need to be reviewed for legal implications such as but not limited to the effect of not meeting the 'prepaid card' exception for flexible spending accounts, opening for merchant codes, etc. The use of a TASC card may need to be approved by our card issuer.

Professional Dues and Subscriptions Account

Allowable Expenses:

1. Dues to a chamber of commerce if membership helps employee do their job.
2. Dues to professional societies.
3. Malpractice insurance premiums.
4. License and regulatory fees.
5. Subscriptions to professional journals and trade magazines related to employee's work.
6. Union dues and expenses.
7. Continuing education expenses.

Home Office Account

Home office expenses. If employers require employees to work from home, they can reimburse employees for expenses, such as Internet access. Again, the reimbursements must conform to accountable plan rules.

Allowable Expenses:

- Internet expenses – portion related to and required for work
- Phone land line expenses - if required for work.
- Computer required for work
- Printer required for work
- Office supplies (ink cartridges, paper, etc.)

Travel and Entertainment Account

Allowable expenses are:

1. Business travel: Travel by car, bus, train or airplane between the employee's home and their business destination.
2. Hotel/Motel Lodging charges and taxes
3. Hotel charges, e.g., phone or fax, laundry
4. Expenses for taxis and other types of transportation between airport or train station to lodging, lodging and the work location and return.
5. Shipping of bags and display materials between the employee's regular and temporary work locations
6. Using of employee's car while at employee's business destination. Actual expenses or the standard mileage rate can be deducted, as well as business-related tolls and parking fees.
7. If employee's rent a car, the employee can deduct only the business-use portion for the expenses.
8. Tips and gratuities related to business expenses.
9. Business-related entertainment, e.g., client dinners, etc.
10. Cell phone expenses.

Work Clothes Account

Allowable expenses are: Work Clothes – cost of clothes and cost of cleaning and repair of said clothes (see explanation below). The value of employer-provided clothing (to the extent not paid for by the employees) is taxable to the employees unless the clothing qualifies as a working condition fringe benefit.

When looking at work clothes deductibility, there is a conflict in the Internal Revenue Code between:

1. Code §162, allows a deduction for "all the ordinary and necessary expenses paid or incurred...in carrying on a trade or business,"
2. Code §262, bars any deduction for "personal, living, or family expenses."

The IRS position on deductibility is that the cost of acquiring and maintaining work clothing is deductible if:

1. the clothes are specifically required to be worn as a condition of employment, and
2. the clothes are not "of a type adaptable to general or continued usage to the extent that they take the place of regular clothing." (Rule was developed in response to questions about the uniforms of "police officers, firemen, letter carriers, nurses, bus drivers, and railway men," but it apparently also applies to other types of work clothing.)

Required to be worn as a condition of employment - The clothing must be specifically required by the employer and not merely seen by the employee as useful to do the job. The condition of employment rule is waived for some employer-provided safety equipment—e.g., hard hats, safety goggles, and safety shoes. Those items are excludable regardless.

Clothing not of the type adaptable to taking the place of regular clothing – Clothes must have some feature that makes them inherently unsuitable for everyday use. This is determined objectively, without reference to the individual's lifestyle or personal taste. Under this rule, it does not matter whether the employer prohibits wearing the articles of clothing when the employee is not working. The mere fact that the clothes have a logo, name tag or other symbols on them does not make them unsuitable for

everyday use. Expenses for Cleaning Excludable Clothing. If an item of clothing can be provided by an employer on a tax-free basis under the working condition fringe benefit exclusion, then reimbursements paid by the employer to clean that clothing would also be excludable.

Workplace Tools Account

Allowable expenses are: Work Tools (where an employee is required to use his/her own tools). Private Letter Ruling on Tool Plan which could be viewed as a safe harbor: <https://www.irs.gov/pub/irs-wd/0930029.pdf>

Looking to above Private Letter ruling where employees were required to submit a claim for reimbursement and putting a debit card into the mix, the following is how the plan is seen as being administered:

1. Employer determines amount that they will allocate to the employee at the beginning of each years for tools.
2. Employer would draw up with each supervisor or manager those tools that are required for the job assignments of each employee or job position.
3. Employee receives card with allotted cash (the card would be reused in coming years)
4. Employee agrees to terms of use that any use of the card would be:
 5. for an expense required to fulfill his/her job assignment
 6. the tool will only be used on job assignments for the employer
 7. the tool was required from the approved vendor list (would only make card usable at designated vendor or vendor)
 8. reimbursement will not be sought from any other source
 9. will not be written off taxes
10. they understand the plan
11. Employees must submit receipts for tools within 30 days of purchase. The tools are compared to the list of those tools designated by the supervisor or manager as being necessary to the employee's job position. The expense may be partly or fully denied because of incomplete documentation or ineligibility of expenses. The employee would need to either produce any additional documentation/receipt or repay the employer. The employee must return reimbursements made in error within 30 days and must repay any reimbursements paid during the last six months of employment at the time of separation.
12. In cases where the employee does not use the debit card but instead submits a paper request for reimbursement. They would complete a claim form and sign certification language that would state among other things:
 13. the expense was required to fulfill his/her job assignment
 14. the tool will only be used on job assignments for the employer
 15. the tool was required from the approved vendor list (would only make card usable at designated vendor or vendor)
 16. reimbursement will not be sought from any other source
 17. will not be written off taxes

TASC UNIVERSAL BENEFIT ACCOUNT™

EDUCATION ACCOUNTS



Student Loan Repayment Benefit

The Student Loan Repayment Benefit is offered by employers, who contribute a certain dollar amount per year toward paying off an employee's student loan(s). When employers make payments for their workers, those payments are considered equivalent to regular wages. There's no tax benefit, as there is for retirement plans, health insurance, or even tuition assistance. Employers must pay payroll taxes on the student-loan payments, and employees must pay income taxes.

With this benefit, employers pay back student loans on behalf of employees, at certain amount per month as decided by the employer. Unlike tuition reimbursement benefits, which are currently tax-free up to \$5,250 annually, employer student loan contributions are taxed as regular income.

Tuition Reimbursement Account

Tuition reimbursement is a benefit in which the employer agrees to pay for a certain amount of the employee's tuition. In certain cases, tuition reimbursement can be tax-exempt. The IRS currently allows employers to pay up to \$5,250 in educational assistance tax-free. If a company pays more than the allowable amount, the excess will be included as gross, taxable income on the employees' W2 form.

The tuition reimbursement program is a qualified program. This means that the program does not favor highly compensated employees and the owner does not participate in more than 5% of program reimbursements and is subject to Non-Discrimination Testing. The money in a Tuition Reimbursement Account can only be used towards tuition, fees, and school supplies (including books).

What Subjects Are Covered?

Tuition assistance comes in several different formats depending on the employer. Most employers cover only the cost of classes relevant to the employee's current or next position, or any classes related to attainment of a degree.

How Tuition Assistance Works

Some employers will repay costs after an employee registers for a course, while others might not cover the costs until the course is completed. The most common method for administering the program requires employees to pay for tuition and books when they register for classes. Then the employee submits verification of a passing grade of C* or better to receive reimbursement. (*Some employers may require a grade higher than a C.)

In most cases, employers cap the amount of tuition assistance available for employees. Employers either set a limit in terms of dollars available per employee per year or they establish the number of classes they will pay for per year per employee through tuition assistance.

Companies offering these benefits also need to protect the investments they make in their employees. Because of this, there will often be restrictions on how soon employees can take advantage of these benefits or how long they'll need to commit to the company. For example, restrictions such as needing to be with the company for 1-3 years or committing to the company for 5 years may be part of the benefits program. The Tuition Reimbursement Account does not cover Continuing Education expenses, rather these are covered under the Professional Business Expense Account.

Utilizing Benefits

Once the rules of company's benefits are clarified, employees will want to find the best way to put them to use. Many companies will have some restrictions on the type of coursework they'll reimburse. Some companies will cover full programs for undergraduate or graduate degrees at four-year universities, while others might only cover courses you take through online providers.

There are rules around how employees can spend tuition assistance payments. According to the IRS, assistance benefits can only be used toward tuition fees, books, and supplies necessary for the courses. Employees cannot use these benefits to help pay for food, housing, transportation, or supplies that can be kept after completing the course.

TASC Invoicing Practices

Purpose - TASC's Invoicing Practices aim to foster a clear understanding by communicating expectations to all Clients and Providers, ensuring compliance to TASC Plans and services, creating consistency between all of TASC's divisions, and ensuring the continuation of services.

Philosophy - To ensure that TASC operations continue to run smoothly, various actions need to occur in a timely manner, including the payment of TASC administrative fees. Paying in advance demonstrates that the Plan is for the benefit of employees, provides further evidence that the Plan has been established on a pre-thought basis, and ensures coverage under TASC's Audit Guarantees. TASC invoices in advance for two reasons:

- TASC requires a commitment in advance of the business being processed, and
- TASC requires a payment history for its Clients, so as to determine the Clients' status of good standing.

Types of Payments

Check - Clients may pay by check. An annual fee of \$10 per payroll will be assessed.

E-Pay - Clients may pay administrative fees electronically as long as they use E-Pay, and as long as these fees are debited seven days prior to their service period start date. Therefore, if a service period begins January 1, Clients will be debited on December 23.

ACH Credit - Clients may pay administrative fees, funding invoices or Payroll Verification Reports via an electronic ACH Credit transfer. A \$40 per transaction service charge will be assessed. Clients should contact their Provider for details.

ACH Debit - Clients may pay administrative fees, funding invoices, or Payroll Verification Reports via an electronic ACH debit transfer.

Types of Invoices

Administration Fee - Generated annually, quarterly, or monthly for TASC Services that are provided during a pre-determined service period.

Premium Services Fee - This invoice is generated when a Client has elected a Premium Service.

Forfeiture - Generated annually for FSA funds due.

Standard Procedures

Invoice - Generated and sent 45 days prior to the Service Period start.

Due Date - Will be 7 days from the date the invoice was generated.

Service Charge Date - An additional \$20 fee will be assessed 60 days from the original Invoice Date if the invoice is not paid by the service charge due date, and the account will be placed on hold. Exception: If HRA funding or FSA invoices are not paid within 21 days of Plan start, a notice will be send to the Client; if the invoice is still unpaid at 30 days, the account will be placed on hold.



Statement - A Statement (second notice) of unpaid invoices will be mailed 15 days prior to the start of the Service Period.

Past Due Email Notification - On the first day of the Service Period or 45 days after the original invoice date (whichever comes first), an email will be sent to any account with unpaid invoices older than 40 days. This email will inform the Client that the account will be put on hold and that a \$20 service fee will be charged if the invoice is not paid within 60 days of the original invoice issue date. Exception: FSA invoices will receive notification of Past Due at 15 days after the date of invoice.

Final Notice Statement - A Final Notice Statement (third notice) will be mailed out 15 days into the Service Period, with a Service Charge of \$20, a notice of default status, and a notice that all account services have been placed on hold.

Collections - The account will be placed in Collections 45 days into the Service Period start, or 90 days after the original invoice date, whichever comes first.

Plan Termination - The account will be terminated 104 days into the Service Period start. Letters will be provided to each Client being terminated.

Fee Calculations - Fees are calculated on the number of known Participants at the time the invoice is generated. Administration fees are either the minimum fee or the number of Participants multiplied by the per Participant fee, whichever is higher. If the number of Participants is unknown, the minimum fee will be charged.

Client Responsibilities

- Mail invoices and payments in the envelope provided (goldenrod color) to: TASC - Client Invoices, PO Box 88278, Milwaukee, WI 53288-0001.
- All invoice payments must be submitted separately from all other payments and transactions.
- All invoice payments must be made separately (i.e. one check with one invoice).

Notify TASC of any disputes or any changes.