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Check out the new POP educational videos for you and your employees at [www.EZPOP.com](http://www.EZPOP.com)

File this publication behind Tab 8 of your POP-Kit.

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## Why Should Your Company Use WageWorks?

The IRS Section 125 Regulations require all employers that deduct insurance premiums from employees' paychecks on a pre-tax basis to have a current and compliant Premium Only Plan (POP) document in place. WageWorks provides the required, up-to-date forms that would be reviewed by the IRS or other government agency in the event of an audit, such as Election Forms and a Summary Plan Description.

In addition, tax laws impose nondiscrimination restrictions to prevent officers, shareholders, and certain highly-compensated employees from receiving a disproportionate share of salary redirections available under the POP. WageWorks provides worksheets for employer annual nondiscrimination testing to insure its Premium Only Plan is nondiscriminatory. POP Consultants are available at our toll-free number 800-876-7548, to answer questions, help set up a plan, or to walk you through the testing requirements



## Frequently Asked EZPOP Questions

### Q1 What is a "Simple Cafeteria Plan?"

A "Simple Cafeteria Plan" allows employees to use pre-tax funds to pay their portion of the health, vision, dental, and other employer-sponsored welfare premiums. It also allows employers to skip all the non-discrimination testing for the POP. The employer contribution must equal a uniform percentage (not less than 2 percent) of the employee's compensation for the plan year; or an amount which is at least 6% of compensation or twice the amount of the employee contributions for the plan year. For more information on eligibility and contribution requirements, please see IRS Publication 15-B, published in 2016.

### Q2 Who is excluded from participating in a POP?

The Section 125 Plan regulations require all participants in the Plan to be employees of the employer. However, there are individuals who are excluded from participating. "Employee" means any person who is employed by the Employer, but for all portions of the Plan other than provisions relating to the Health Savings Account Program, generally excludes any person who is employed as an independent contractor or any person who is considered self-employed under Code Section 401(c), as well as a greater than two percent (2%) shareholder in a Subchapter S corporation, a

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partner in a partnership or an owner or member of a limited liability company that elects partnership status on its tax return. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2). Please see Tab 2, page 3 of 18, in your POP-Kit for more information.

**Q3 How does the “rule of attribution” affect participation in a POP?**

IRS Code Section 318 family attribution rules will still apply in determining who is a key employee. For purposes of determining ownership, stock owned by an employee’s spouse, children, grandchildren, or parents is treated as owned by the employee. Please refer to the “Rule of Attribution” in Tab 5, page 5 of 14, in your WageWorks POP-Kit for more information.

**Q4 If I have a Premium Only cafeteria plan, am I required to file Form 5500 or Schedule F?**

No, this requirement was suspended on April 4, 2002 in IRS Notice 2002-24. However, a Healthcare Flexible Spending Account (FSA) may require a Form 5500. Please refer to Tab 6, page 6 of 6, in your POP-Kit.

**Important POP Reminders**

- ✓ Don't forget to report both employer and employee pre-tax contributions to Health Savings Accounts (HSAs) for W-2 reporting. More information can be found in your POP-Kit under Tab 1, pages 4 through 6.
- ✓ Visit [www.ezpop.com](http://www.ezpop.com) for employer and employee resources, including:
  - POP educational videos
  - Past POP Insights newsletters
  - Educational flyer for employees
- ✓ Make sure that your company information (address, point of contact, phone, fax, and email) is up to date on your WageWorks POP account.
- ✓ No individual premiums can be paid through the POP; however, “excepted” benefits such as dental and vision premiums can be paid through the POP.



**Health Savings Account (HSA) Indexed Figures 2017**

	Minimum deductible amounts for the qualifying high deductible health plan (HDHP)	Maximum contribution levels	Maximum for HDHP out-of-pocket expenses
Individual Coverage	\$1,300	\$3,400	\$6,550
Family Coverage	\$2,600	\$6,750	\$13,100
Catch-up contribution allowed for those 55 and over		\$1,000	



**Look for your Update & Compliance packet**

Our system automatically sends (via US Postal Service) your renewal and plan document update packet at least 60 days before your new plan year begins. If you haven't received your update packet, or have any questions, send an email to [EZPOP@wageworks.com](mailto:EZPOP@wageworks.com) or go to [ezpop.com](http://ezpop.com) and click on “Contact Us.”