Einstein
Advanced Health Insurance Solutions

NEWSALERT

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ACA Issues

IRS May Be Gearing up for Stricter Form-Filing Compliance

WHILE THE IRS has made it clear it will continue to enforce the Affordable Care Act employer mandate, experts have sounded a warning that compliance for the 2017 tax year will likely become more difficult.

The Chicago-based law firm Greensfelder Attorneys at Law said that the IRS has been lenient to employers who file late or file forms with incomplete information as long as the firm had made a good faith effort to comply.

Greensfelder, in a recent blog, says those days are over since the IRS has not established a good-faith exception for the 2017 tax year.

That means employers who are applicable large employers (ALEs) – those with 50 or more full-time or full-time equivalent workers – will have to be extra careful to avoid being fined for mistakes.

Under the ACA, an employer can be fined $250 for each form that it fails to file or files late, as well as for forms with missing or incorrect information like names, birthdates or Social Security numbers. The maximum fine for these filing errors is $3 million per organization.

The law does allow for the IRS to reduce penalties for an employer, but it can increase them for employers that intentionally don't file forms or purposely file forms with incorrect or misleading information.

The penalties under Sections 6721 and 6722 of the Tax Code are generally mandatory unless due to reasonable cause.

For prior years, the IRS has given employers much leeway if they filed forms beyond the normal deadline or if they filed incomplete or erroneous forms.

A degree of protection

Employers that have solicited Social Security numbers and been given incomplete information by their employees and dependents are supposed to have some protection under the Tax Code.

"Specifically, the safe harbor requires an employer to solicit the [Social Security numbers] of the employee and his or her dependents initially, and at certain prescribed times thereafter," Greenfelder writes, adding that this solicitation must be made on a Form W-9.

To avoid the specter of ACA-related penalties, ALEs should be extra careful when collecting information for an employee's W-9 form, including checking their forms of ID thoroughly.

Finally, now that the IRS is likely taking a harder stand on filing Forms 1094 and 1095, you should be especially diligent in filing them on time in 2018. ❖

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Human Resources

How to Reduce Your Employees' Holiday Stress

THE HOLIDAY season can bring a combination of fun and excitement as well as stress and anxiety for your staff.

While the majority of workers enjoy December as it brings more cheer to the office, as well as goodies from vendors and maybe even a company party, not everyone feels the same.

A study by staffing firm Accountemps found that while half of workers report being more cheerful at work this time of year, 35% say they feel more work-related pressure.

TOP FACTORS STRESSING WORKERS

- Balancing work, holiday obligations (32%)
- Taking time off and returning to heavier workloads (23%)
- Having a smaller staff than usual because of time off (18%)
- Buying gifts for co-workers and contacts (11%)
- Attending holiday office parties (8%)

What you can do

Employees surveyed said the following work-related benefits would help reduce their holiday stress:

- Higher year-end bonuses (37%)
- Flexible schedules (32%)
- More paid vacation (17%)

There are other initiatives you can take to help your employees during the holidays.

Accountemps and the Society for Human Resources Management recommend:

- Telling your workers to list priorities for the day before leaving work. Advise them to keep a separate list for off-the-job to-dos.
- Telling your staff to ask for help if they have too much work. Their supervisor might consider solutions such as adjusting deadlines or delegating.
- Asking employees what you can do to help reduce their stress. Ask if they would like to postpone the company party until January. If you are hosting a pot luck lunch, ask if people would rather have pizza brought in, so no one has to cook.
- Perhaps you can give everyone one hour a week to shop online, so they don't feel like they have to sneak screen time.
- Make sure you are going out of your way to notice their good work and say thank you. Also, be aware of anyone that may need an extra word of encouragement or some additional support, like employees who have lost a loved one this year or those with little or no family in the area. Making sure they know you care can go a long way in retaining employees.
- Encouraging time off. Urge people to take advantage of that with a vacation day or a half-day Friday to do their holiday shopping, decorate their house, get their baking done, or just relax and enjoy the season. They will likely come back in a better frame of mind and be more productive.
- Providing extra shifts for people to earn holiday money. ❖

Group Life Insurance a Smart Move for Your Staff

GROUP LIFE insurance is among the most popular offerings in the employee benefit market today. Furthermore, millions of American families rely on it to provide desperately needed protection against the devastating risk of the unexpected death of a family breadwinner. The overwhelming majority of workers typically sign on to the program, when offered.

Group life represents about 41% of all life insurance policies in force, according to the American Council of Life Insurers, and provides an estimated $8.2 trillion of protection.

Employees need the coverage

The average American family is woefully underinsured. Most families say they want or need enough life insurance to get them through 14 years of living expenses in the event of the death of a family member. One-third of adults have no life insurance in place at all, including two-thirds of American males aged 18 to 24, according to the Life Insurance Marketing Research Institute.

Also, 43% say they would experience severe financial problems within six months of the death of a family member.

How group life works

The employer works with us to select a carrier and limit of coverage under the plan, as well as define who exactly qualifies as a member of the group eligible for coverage.

Employers pay some or all of the premiums on employees' behalf. Generally, the premiums necessary to provide up to $50,000 in death benefits to each employee are tax deductible to the employer. Many employers choose to make additional coverage available, however – often on a voluntary basis.

Additional premium is deducted from employees' paychecks and sent to the insurance company via your normal payroll operation. If employees choose to participate via a Section 125 plan, or 'cafeteria' voluntary benefits plan, their premiums are generally paid with pre-tax dollars.

Some employers offer the same coverage to everyone. Others elect to offer a multiple of income – usually one or two times the workers' annual income, but sometimes more. This amount is usually paid for by the employer, but individual workers can choose to buy additional coverage on a voluntary basis.

Guaranteed approval

Approval is generally guaranteed, provided the employer offers the coverage to all eligible employees. This is a valuable feature for many employees, because prior medical issues may make it difficult or impossible for them to qualify for health insurance on their own.

Advantages of group life

For the employer, group life insurance is an important part of your company's overall benefits package. Employees value robust benefits packages, and life insurance provides an essential protection that many of them could not get at all outside of a group plan. More than seven out of every 10 workers offered group life insurance via their employer take it.

To set up a group life insurance plan for your employees and help protect their families, call your insurance professional today. ❖

Flexible Spending Accounts a Buffer Against Uncertain Times

THE INTERNAL Revenue Service is reminding eligible employees that now is the time to begin planning to take full advantage of their employer's health flexible spending arrangement for next year.

If you don't offer a flexible spending account (FSA) for your employees, you should consider starting one as they allow them to use tax-free dollars to pay medical expenses not covered by their health plan, including deductibles, copays and any pharmaceuticals.

Also, many employees value having the option to force themselves to save for these expected medical-related outlays since many people don't have the discipline to regularly sock away cash every month.

Now that the year is winding down, even if your employees were using an FSA this year, they must decide again how much they want to set aside pre-tax from their pay checks for medical-related expenses next year.

Participating employees can contribute up to $2,650 during the 2018 plan year. That's a $50 increase over 2017. Amounts contributed are not subject to federal income tax, Social Security tax or Medicare tax. If the plan allows, the employer may also contribute to an employee's FSA.

Qualified FSA Expenses

- Copays
- Deductibles
- Dental and vision care services
- Eyeglasses and hearing aids
- Other medical devices

Use it or lose it

Under the Tax Code, enrollees must use up the funds they set aside during the year or forfeit the remainder.

Fortunately, there's a special rule that allows employers to offer employees more time through one of the following:

Carryover option – An employee can carry over up to $500 of unused funds to the following plan year, meaning that any amount up to $500 left in the account at the end of 2017 can be carried over into 2018 and be used in 2019.

Grace period option – An employee has until two and a half months after the end of the plan year to incur eligible expenses – typically March 15, 2018, for a plan year ending on Dec. 31, 2017. ❖