



Employee Benefits

EBR Offers Organizational Review Services

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In today's competitive business climate, more and more business owners and their managers are looking for ways to improve operational efficiency. Employee Benefit Resources, LLP (EBR) provides creative ideas to help organizations develop solutions to complex employee issues. EBR offers an extensive menu of services in the specialized and often complicated field of human resource consulting.

EBR helps organizations design and administer human resource programs to improve productivity, attract, reward, and retain the very best employees. EBR will work with your organization to design an effective organizational structure to meet today's business challenges.

EBR specializes in conducting organizational reviews that will enable your organization to achieve maximum productivity, streamline operations, and assist leadership in effectively developing and supervising employees with

easy to use human resource products. In addition, an organizational review will help define expectations and responsibilities between employees and employers, and provide your staff and leadership with the necessary training to ensure a successful organizational design.

EBR will interview leadership and staff to gain insight into your organization and to increase effectiveness. As part of the organizational review, EBR will provide you with recommendations regarding optimal structure, staffing, and compensation levels. EBR will also develop customized job descriptions and integrated performance appraisal systems designed to meet your company's needs. In addition, EBR will work with you to develop an action plan to ensure successful implementation.

For additional information on our organizational reviews, please contact Jim Dole, John Cummings, or Linda Kaiser at 1-800-765-9429 or 406-449-5500. ▲

IRS Relieves Cafeteria Plan Sponsors from Form 5500 Filing Requirement

The IRS has suspended the filing requirement of Form 5500 and Schedule F for certain fringe benefit plans, including cafeteria plans, educational assistance plans, and adoption assistance plans.

However, cafeteria plans which have been reported on Schedule F in conjunction with the filing for welfare benefit plans must continue to file Schedule F with the respective Form 5500 and other schedules for the welfare benefit plan.

Form 5500 is the annual return for employee benefit plans filed with the Pension and Welfare Benefits Administration (PWBA). Plan types

other than cafeteria, educational assistance, and adoption assistance are not relieved from filing requirements under this announcement.

While this announcement provides employers who sponsor a cafeteria plan relief of one of the administrative responsibilities, regulatory requirements such as discrimination testing must continue to be fulfilled.

In addition to preparing Form 5500 and related Schedules for welfare benefit plans, EBR assists employers in maintaining their benefit plans in compliance with regulatory requirements. Contact EBR for more information. ▲

Employee Benefits is published by Employee Benefit Resources, LLP. The technical information it contains is necessarily brief. No final conclusions on these topics should be drawn without further review and consultation.

EBR Offers Direct Deposit Option for Cafeteria Plan Reimbursements

Participants in cafeteria plans administered by Employee Benefit Resources are accustomed to fast turnaround of their claim reimbursement requests. That turnaround just got faster with the implementation of an electronic funds transaction (EFT) feature.

The electronic funds transfer feature (also known as direct deposit) allows participants to request that their claim reimbursements be deposited directly into their checking or savings account. The reimbursement amount is deposited and available to participants the morning after the claim is processed. Participants no longer have to wait for a check to be delivered. In addition, participants save time by not having to make a trip to the bank.

To request this payment option, a participant needs to

submit a completed direct deposit authorization form with a copy of a check (checking account) or deposit slip (savings account) to EBR. Authorization forms were sent to employers in June. Participants may also obtain an authorization form at EBR's web site (www.ebrworld.com) by clicking on the cafeteria plan button and following the on-line instructions to access participant forms.

The direct deposit feature enhances the value to employees of the employer-provided cafeteria plan benefit. If EBR currently administers your cafeteria plan claims and you would like more information regarding the EFT feature, call Kellie Langer at 406-449-5500. If you are interested in engaging EBR to administer your plan, contact Jim Dole or John Cummings at the same phone number. ▲

Weight Loss Programs and Capital Expenditures – Qualifying Medical Expenses?

Weight Loss Programs

Recently, the IRS ruled that expenses associated with a weight-loss program may be deductible medical expenses, qualifying for reimbursement under a cafeteria plan.

IRS regulations state that deductible medical expenses will be limited strictly to those incurred *primarily* for the prevention or alleviation of a physical or mental defect or illness. An expense which benefits the general health of an individual does not qualify as an allowable medical expense.

The IRS announcement provides examples of two individuals. The first individual is diagnosed as obese, and the second, who is not obese, with hypertension. Both have been prescribed a specific weight-loss program by their physician to treat their respective conditions. To join the weight-loss programs, the individuals must pay an initiation fee and additional fees to attend periodic meetings. Diet planning, diet menus and literature, and problems encountered during dieting are discussed during the meetings. The programs also offer reduced-calorie foods.

Because the weight-loss programs have been prescribed by a licensed provider for the treatment of specific medical conditions, the initiation fee and periodic program fees qualify for reimbursement under a cafeteria plan. However, the IRS specifically ruled that costs related to the purchase of reduced-calorie diet foods are not qualifying medical expenses.

It should be noted that expenses incurred by an individual participating in the same weight-loss program merely to improve their general health and appearance would not be eligible for reimbursement.

Capital Expenditures

Again, to be deductible or qualify for reimbursement as a medical expense under a cafeteria plan, the expense must be incurred *primarily* for the prevention or alleviation of a physical or mental defect or illness. In addition, capital expenditures must be related to medical care and not the permanent improvement of the property. Should the expense increase the value of the property, only the portion of the expense which exceeds the increase in value may be claimed.

For example, should a participant choose to install a swimming pool in their yard because their physician prescribes a swimming program as treatment to alleviate symptoms related to a medical condition, the cost of the pool which is equal to the increased value of the property may not be claimed. Only those expenses in excess of the increased value may be claimed.

However, expenses related to the purchase and installation of a lift in a house or on a vehicle to assist an individual in a wheelchair would not be seen to increase the value of the property. Therefore, the expenses may be reimbursed under the medical reimbursement portion of a cafeteria plan.

Professional Profile



Kristi Rosseland (QPA, QKA) has been a pension consultant with EBR since 1999 and has over five years experience in the qualified plan area. She started her career in the defined contribution area with an actuarial firm in Nashville, Tennessee. In 2000, she expanded her focus to include defined benefit

plans. She consults with a variety of clients on compliance issues and has experience in all types of plan administration, including cross-tested and target benefit designs.

Kristi received her B.S. in Mathematics, Statistics Option, from Montana State University in Bozeman. She is a Qualified Pension Administrator (QPA), Qualified 401(k) Administrator (QKA), and is a member of the American Society of Pension Actuaries.

Kristi enjoys spending time with her family, and enjoys a variety of outdoor activities, including softball, volleyball, skiing, and hiking. ▲

THE EBR DAILY PLAN-IT™ PROSPERS!

Our daily valuation system, **EBR Daily Plan-It™**, provides participant access (via phone and Internet) for account information, investment transfers and distribution requests for daily valued plans. This service has been offered for over 1-1/2 years, and has numerous satisfied customers.

A quote from a plan sponsor, “I am very pleased and impressed with how all this is going...the reports are all excellent, as is the service. Thank you.”

Our trading platform relationship with Security Trust located in Phoenix, Arizona enables us to offer clients (in coordination with an investment advisor) a selection of over 3,000 mutual funds for plan investment options.

Depending on the funds that are selected, revenue sharing from the fund companies may be available, which in turn reduces the costs of administering the plans.

We offset our fees on a dollar-for-dollar basis for any revenue received from the mutual funds you choose. This can provide a significant savings to you and your employees. We have converted clients to the EBR Daily Plan-It in the past year that have recognized a net reduction in fees of as much as 30-35% due to increased efficiencies and revenue sharing.

EBR Daily Plan-It gives participants their account information updated each evening with the closing price of the funds in their account, and same day/late day mutual fund trading. Additional services offered include the following:

- Quarterly participant statements, mailed within 15 business days of quarter end
- Periodic payroll/contribution processing
- Processing of investment transfers
- Annual Report, Compliance Testing, and Form 5500 Filing
- The Security Trust Company (STC) serves as Plan Trustee, if desired

Providing your employees with a retirement plan that provides them with more control and quicker access to their accounts is essential in today's marketplace. Your company can receive significant tax savings, and your employees will have a greater sense of comfort about their future, by providing a comprehensive 401(k) retirement plan.

Please contact Laurie Harmon at 1-800-765-9429 or 406-449-5500 if you would like further information on the EBR Daily Plan-It. We look forward to hearing from you. ▲

Weight Loss Programs and Capital Expenditures – Qualifying Medical Expenses?

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Other examples of capital expenditures that are not considered to increase property value include:

- Constructing ramps at residence entrances
- Widening doorways at entrances or exits
- Widening hallways
- Lowering of, or making other modifications to, kitchen cabinets
- Modifying hardware on doors
- Modifying stairs
- Adding handrails or grab bars
- Grading ground to provide access to a residence
- Modifying fire alarms, smoke detectors, and other warning systems

We recommend that an individual contact their cafeteria plan's administrator to discuss any unusual expenses before establishing their plan election for an upcoming plan year. For more information regarding qualifying medical expenses, or to discuss the design and implementation of a cafeteria plan, contact EBR at 406-449-5500. ▲

Intellectual Capital

What is intellectual capital? It is the knowledge and intangible assets that a company has to create innovations and to produce products and services.

According to Thomas A. Steward, author of *Intellectual Capital: The New Wealth of Organizations*, knowledge has become the most important fact of economic life. It is the chief ingredient of what we buy and sell, the raw material with which we work. In our economy, intellectual capital has become the one indispensable company asset.

Employee Benefit Resources, LLP provides numerous training classes and seminars designed to assist with further developing your organization's intellectual capital. It is part of our mission to provide valued human resource services and solutions to help our clients succeed today and tomorrow.

Following is a list of seminars EBR offers:

- Effective Delegation for Leaders
- Supervising for Success
- Performance Management
- Managing Workplace Conflict
- Making Meetings Work
- Stopping Sexual Harassment before it Starts
- Aligning and Integrating Business and Human Resource Strategies to Ensure Success
- Effective Strategic Planning
- Understanding Montana's Wage and Hour Requirements

Customized organization specific seminars can be developed upon request. In addition, consultants are also available to facilitate planning and goal setting sessions.

For additional information on our training classes and seminars, please contact Jim Dole, John Cummings, or Linda Kaiser at 1-800-765-9429 or 406-449-5500. ▲

Billings Area: Human Resource Seminars

Employee Benefit Resources will be presenting two free human resource seminars at the Billings Anderson ZurMuehlen & Co., P.C. office. The first seminar will be held Friday, September 27 at 12:00 noon and will address *Personnel Policy Manual Development*. The second seminar will be held Thursday, October 24 at 12 noon and will

address *Wage and Hour Issues in Montana*. Both seminars will last from 1 to 1-1/2 hours and lunch will be provided. Seating will be limited so contact John Cummings to reserve a space today at 406-449-5500 ext. 261 or e-mail, jmc@ebrworld.com. ▲

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