

Don't Allow Common Mistakes To Take a BITE Out Of Your Employee Benefit Plan!



Many employers make mistakes when administering their Section 125 plans. The majority of these problems go unnoticed. However, if the IRS audits your plan, and finds problems, pre-tax deductions could be disallowed and your organization and employees could owe substantial back taxes and penalties. Does your company:

- Update Plan Documents for changes in the code?
- Distribute and collect Election Forms each plan year?
- Distribute Summary Plan Descriptions to all Participants?
- Perform discrimination testing before the beginning of each plan year?
- Coordinate your Section 125 plan with other company benefit plans?
- Enforce irrevocability rules?

If your plan is disallowed, what are the consequences?

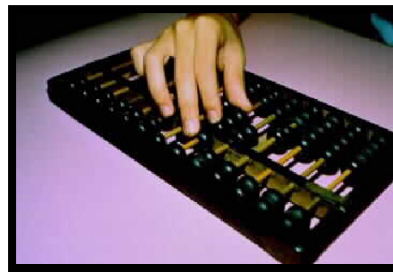
- Pay monetary penalties levied by the IRS
- Pay monetary penalties levied by the D.O.L.
- Reissue W-2 forms dating back several years
- Amend corporate tax returns from prior years
- Pay Attorney's fees for representation in court or mediation

The Hidden Cost is difficult to measure:

- ⊘ Negative impact on workforce morale
- ⊘ Hundreds of hours in extra work for your accounting staff
- ⊘ Exposure to more extensive audits by the IRS

Could your
plan pass
an IRS
audit?





**No matter how
you add it up,
you can't afford
any mistakes with
your Section 125
Plan!**

We will provide a Comprehensive Compliance Check

Identify any problem areas with our audit

Present alternatives

Recommend adjustments and solutions for your current plan


Monitor progress & keep you updated

If you have a problem with your current plan. . .

- Mitigate problems as soon as they are identified.
- Try to find an amnesty program. Any problems should be brought to your CPA and the IRS so that potential future escalating penalties may be avoided. Generally, it is advisable to seek the advice of an attorney before approaching the IRS.
- Update your plan and correct issues as soon as possible. Document all of the corrections well as the IRS is always looking for signs of "Good Intent."
- Ask a qualified service provider to review your entire program to ensure that important areas are not overlooked.
- Have a qualified expert monitor your program periodically. Most employers are not equipped to keep up with the increasingly complex benefits environment.

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Section 125 Plans are very popular and relatively easy to install. However, are you aware of the many potential pitfalls resulting from offering a cafeteria plan? If the administrative side of your plan is not in compliance with current laws and directives, you could face some potentially devastating penalties and both your employees and the organization could face some very unpleasant tax consequences.

Another Bright Idea 
Section 125
Compliance Check
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