

# PRE-TAX BENEFITS PAST TO PRESENT

Pre-tax benefits provide employees a great way to save money on a wide range of basic necessities, like commuting, paying for medical expenses or building a retirement fund. While these increasingly popular programs might seem commonplace nowadays, some are fairly recent developments.

## LET'S TAKE A LOOK AT THE BRIEF HISTORY OF PRE-TAX BENEFITS:

### CAFETERIA PLANS (INCLUDING FLEXIBLE SPENDING ACCOUNTS):

1978



In 1978, FSAs were added to IRC Section 125 due to the rising cost of employer-sponsored health benefits, and allowed employees to set aside pre-tax dollars for medical and dependent care expenses.

### THE FIRST TRANSIT FRINGE BENEFIT:

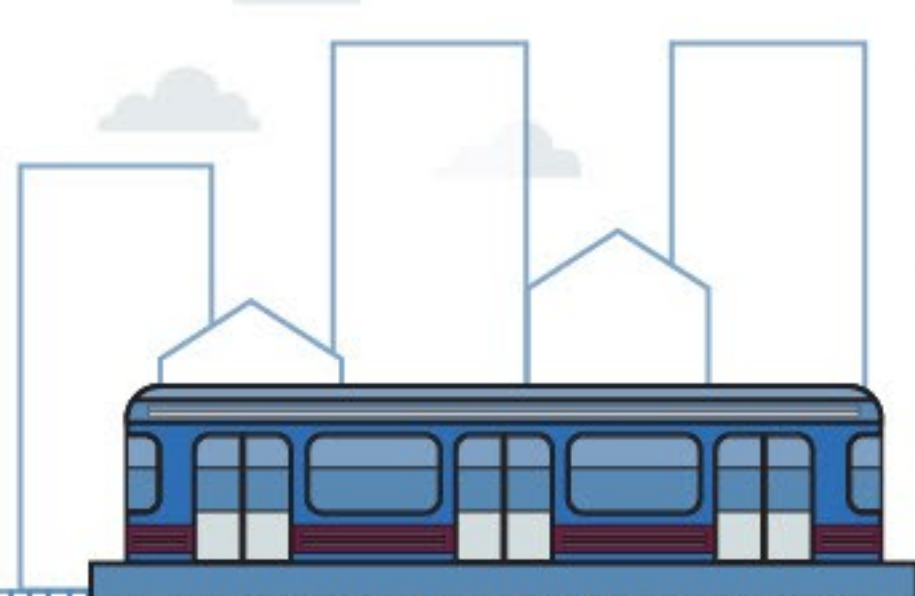
1984

In 1984, the Deficit Reduction Act introduced a federal tax incentive that provided employees a transit fringe benefit of \$15 a month.



### THE CODIFICATION OF COMMUTER TRANSIT BENEFITS:

1993

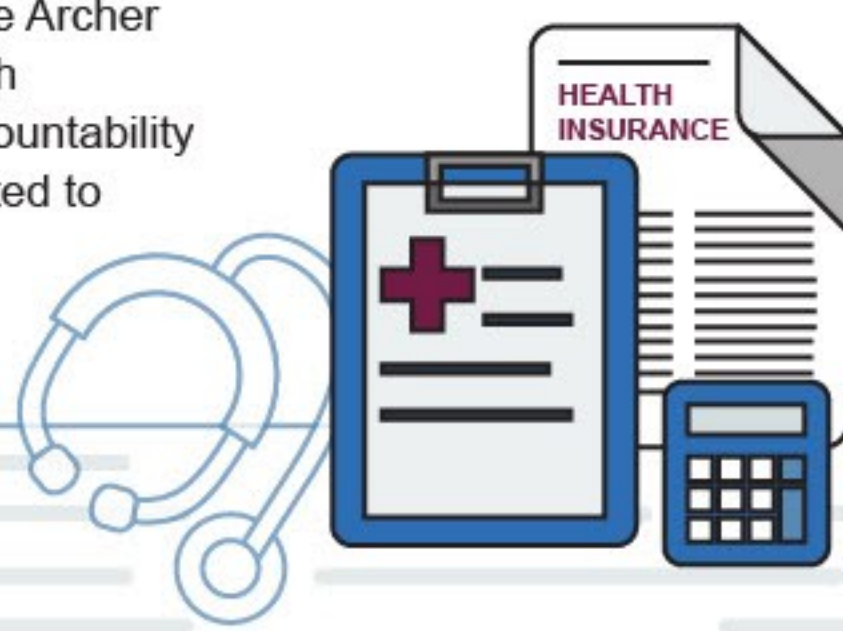


In 1993, the IRS codified employer-provided commuter tax benefits in a single statutory provision that also included mass transit and vanpooling.

### LAYING THE FOUNDATION FOR HEALTH SAVINGS ACCOUNTS (HSAs):

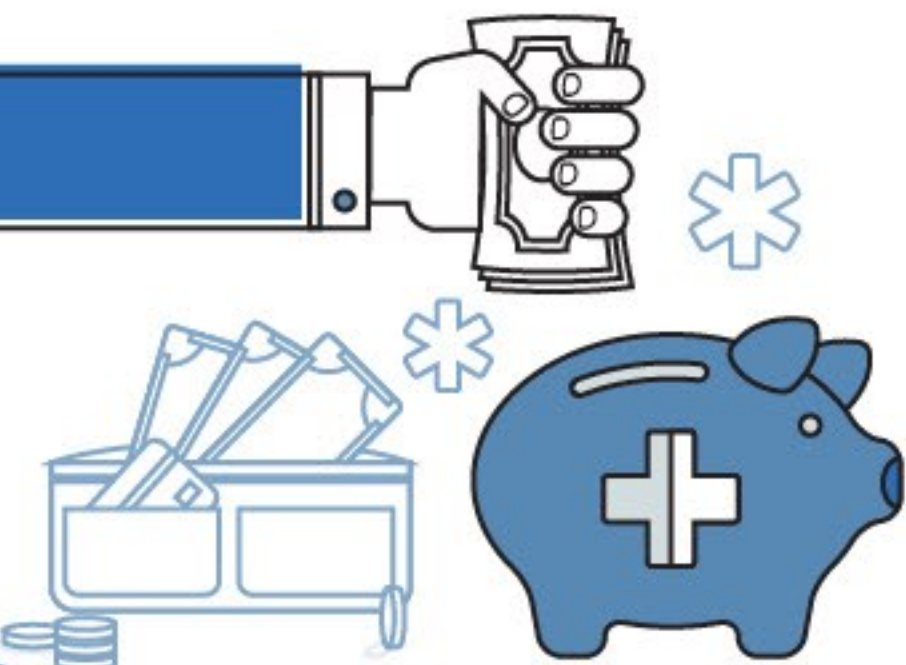
1996

In 1996, Congress created the Archer MSA pilot as part of the Health Insurance Portability and Accountability Act (HIPAA). These were limited to self-employed taxpayers.



### HSAs GO MAINSTREAM:

2003

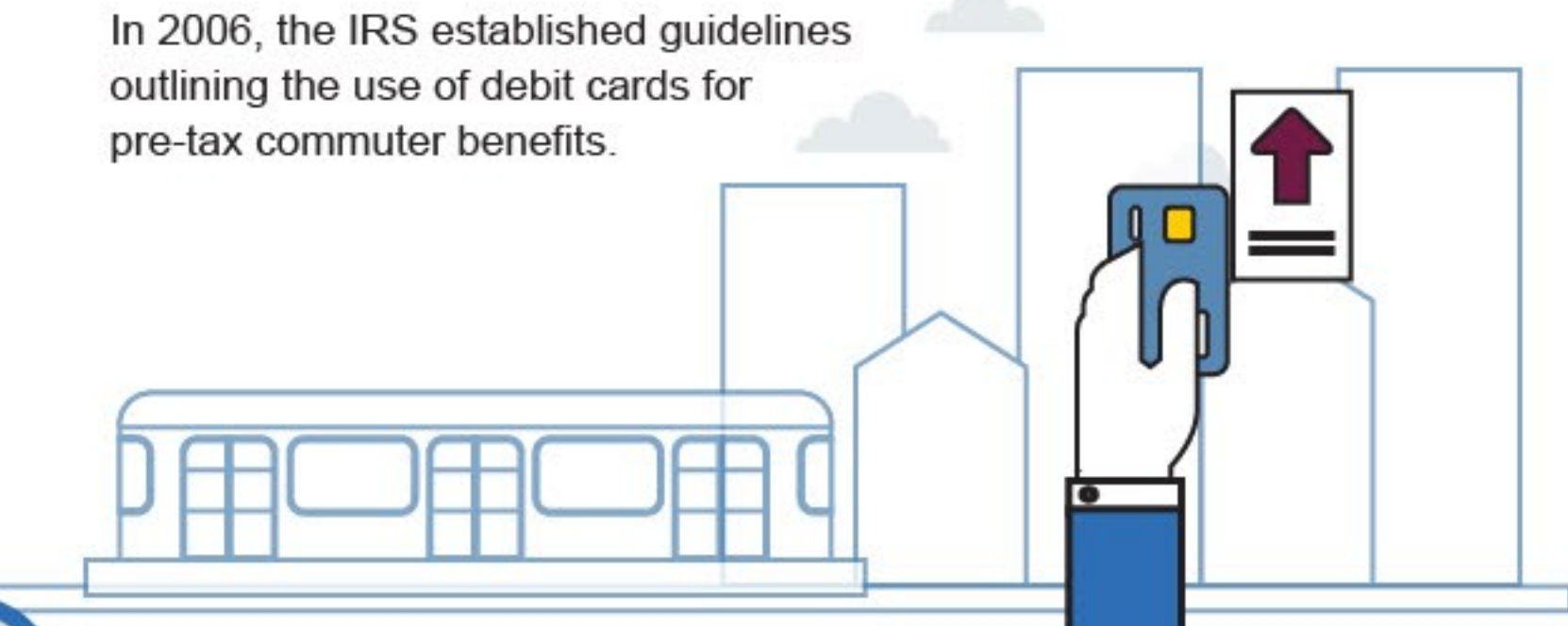


In 2003, the Medicare Modernization Act permitted eligible individuals covered by a high deductible health plan to establish tax-deferred HSAs.

### MODERNIZING COMMUTER BENEFIT PROGRAMS:

2006

In 2006, the IRS established guidelines outlining the use of debit cards for pre-tax commuter benefits.



### RESTRICTIONS PLACED ON PRE-TAX ACCOUNTS:

2010-2013



In 2010-2013, the Affordable Care Act placed a number of restrictions on the use of FSAs and HSAs, limiting funds for over-the-counter medications and FSA contributions while increasing HSA taxation for non-medical expenses.

Benefit Resource is dedicated to administering pre-tax employee benefit programs. Through the use of pioneering multi-purse card technology and by focusing on customer satisfaction, Benefit Resource provides the resources employees need to easily and effectively offer robust pre-tax employee benefits.