



Division of Total Administrative Services Corporation

Corporate Office
2302 International Lane
Madison, WI 53704-3140
800-422-4661/608-241-1900
Fax: 608-241-4584
www.tasconline.com

Dear Prospective AgriPlan/BizPlan Participant:

Thank you for your interest in AgriPlan/BizPlan. The enclosed material explains the benefits and features of AgriPlan/BizPlan.

AgriPlan/BizPlan are Section 105 Medical Reimbursement Plans available to small businesses and farms nationwide. Section 105 allows qualifying owners to deduct 100 percent of their family health insurance premiums and medical, vision, and dental expenses not covered by insurance. AgriPlan/BizPlan Participants save an average of \$2,450 a year. Currently, there are more than 40,000 small businesses with AgriPlan/BizPlan.

To be eligible for AgriPlan or BizPlan, a sole proprietor must be married and legitimately able to employ his/her spouse. AgriPlan/BizPlan provides the administration and documentation required to maintain a proper Section 105 Medical Reimbursement Plan. That includes: a Plan Document, an Adoption Agreement, a Summary Plan Description, and third-party adjudication of expenses.

Everything you need to sign up for this valuable service is included with this letter. However, if you have any questions or need additional information please contact us at 1-800-422-4661, press 7.

Once again, thank you for your interest in AgriPlan/BizPlan and Total Administrative Services Corporation (TASC). TASC stands behind all its products and services to ensure maximum efficiency and satisfaction.

Sincerely,

AgriPlan/BizPlan

Enclosed: AgriPlan/BizPlan Application Guide
 AgriPlan/BizPlan Plan Application
 Return Envelope

AB-2004-111199

“Our Business Makes Your Business Less Taxing”©



Do You Qualify?

**Save an Average
of \$2,450.00
in Taxes**

Application Guide

AgriPlan/BizPlan

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2302 International Lane
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Last Year Over 50,000 Self-employed Farmers and Small Business Owners Saved an Average of \$2,450 in Taxes

AgriPlan/BizPlan believes farmers and small business owners need tax breaks and deductions just as large corporations do. AgriPlan/BizPlan is an employee benefit program that has been serving self-employed farmers and small business owners since 1986. The Plan allows for a 100% deduction of family health insurance premiums, qualified long-term care insurance premiums, uninsured medical, dental and vision care expenses. In addition, AgriPlan/BizPlan allows for a 100% deduction of life and disability income insurance for the employee only. AgriPlan/BizPlan is based upon Section 105 of the Internal Revenue Code, Revenue Ruling 71-588 and Letter Ruling 9409006. Those who qualify include sole proprietors, partnerships, limited liability companies and corporations (including sub-chapter S corporations).

When you formalize the employment relationship with your spouse and enroll in AgriPlan/BizPlan, you receive a detailed benefits program to make your family health care costs 100% deductible. AgriPlan/BizPlan provides the following advantages:

- 100% deductible family medical insurance premiums.
- 100% deductible non-insured medical expenses.
- 100% deductible qualified long term care insurance premiums (within IRS guidelines).
- Deductible term life premiums on spouse/employee (up to \$50,000 in death benefits).
- Deductible disability premiums on spouse/employee.
- The ability to carryover from one Plan Year to the next any unused portion of funds allocated to pay for health expenses.
- An increase in spendable income.
- Worry-free administration.
- Potential for additional tax advantaged retirement plan funding and other benefits of spousal employment.
- The AgriPlan/BizPlan Audit Guarantee:

AgriPlan/BizPlan stands behind enrolled Clients if the Client has adhered to the outlined procedures and parameters of the Plan. If all procedures and guidelines of the Plan were followed correctly, AgriPlan/BizPlan will assume financial responsibility for 100 percent of any penalty and/or interest charged as a result of an audit as it pertains to AgriPlan/BizPlan.

Putting Your Plan Into Action

AgriPlan/BizPlan will

- Assist you in completing your Plan Application.
- Maintain the Plan Document and all compliance measures associated with the Plan.
- Provide a Client kit detailing the necessary steps to be completed upon enrolling.
- Perform year-end review of expenses claimed for deduction.
- Guarantee your Plan with the AgriPlan/BizPlan Audit Guarantee.
- Assist you in making any Plan changes on an annual basis.
- Provide toll-free assistance for questions regarding your Plan.

You, the AgriPlan/BizPlan Client, will

- Complete the necessary tax forms (working with your tax advisor, if applicable).
- Formalize the employment relationship with your spouse.
- Establish a checking account for your spouse/family that is separate from your business account (if not done already).
- Reimburse eligible employees for family medical insurance premiums, out-of-pocket medical expenses and/or other benefits you select from your business account.
- Send one form per employee to AgriPlan/BizPlan at year-end for review of medical benefit expenses.
- Keep good records!

Your Tax Advisor will

- Review your AgriPlan/BizPlan Client Kit materials with you.
- Assist in filing the necessary tax forms.
- Assist in establishing payroll procedures.
- Assist with annual Plan review.

(AgriPlan/BizPlan personnel are happy to work with your tax advisor on your behalf.)

AgriPlan/BizPlan Fee Schedule

Section 105 Plan Service:

Annual Administration Fee:

\$195

Other Fee:

\$50 - For each additional EE
\$25 - Carry Over feature per EE

What Can You Save?

Determine your tax savings by inserting your family expenses into the Tax Savings Worksheet and multiply as shown.

AgriPlan/BizPlan Tax Savings Worksheet

	<u>Sample</u>	<u>Your Expenses</u>
Step 1: Add Together the Following		
Family Medical Insurance Premiums	<u>\$3,600</u>	\$ _____
Family Non-Insured Medical Expenses	<u>\$1,700</u>	\$ _____
Total Tax Deductible Expenses	<u>\$5,300 (A)</u>	\$ (A) _____

Step 2: Determine Your Multiplier

If your taxable income is:	Your Federal Tax	Your Multiplier
0-43,850	15%	.34
43,851-76,200	28%	.47
76,201-105,950	28%	.35
105,951+	31%	.38

Step 3: Determine Your Tax Savings

Sample:	<u>\$5,300.00</u>	x .34	= <u>\$1,802</u>
	Enter # From A	Your Multiplier	Total Tax Savings
Your Savings:	\$ _____	x _____	= \$ _____

This is an illustration only. Actual results may vary. This is based upon 2000 tax rates and assumes an average state tax of 4% and 15.3% self-employment tax when calculating your multiplier.

Determining Reasonable Compensation

To properly establish your Plan you must determine a reasonable compensation package for your employed spouse. To help you do so, complete the worksheet below. For questions regarding reasonable compensation, contact a local AgriPlan/BizPlan Provider, or call AgriPlan/BizPlan's Corporate Office at 1-800-422-4661, and press 7.

Reasonable Compensation Worksheet				Sample		
<p>Determine the gross dollar value of yearly services:</p> <p>_____ x \$ _____ = \$ _____</p> <p>Total hours worked Wages per hour Total yearly compensation</p> <p>per year</p> <p>Subtract benefits for employee:</p> <p>Enter your annual family medical insurance premiums: _____</p> <p>Enter your annual family non-insured medical expenses: _____</p> <p>Other reimbursable premiums (dental ins., term life, etc.): _____</p> <p>Remaining W-2 wage to be paid to spouse: _____</p>				<p><u>1000</u> x <u>\$10.00</u> = <u>\$10,000</u></p> <p>Total hours Wages Total Yearly</p> <p>worker per year per hour compensation</p> <p>Subtract benefits for employee:</p> <p>Medical Insurance Premiums \$4,000</p> <p>Non-insured Medical Expenses \$4,000</p> <p>Other Premiums <u>\$None</u></p> <p>Remaining W-2 \$2,000</p>		

AgriPlan/BizPlan Provider Checklist*

- ☐ AgriPlan ☐ BizPlan
1. **Qualify Prospect**

☐ Sole Proprietor ☐ Partnership ☐ C Corporation ☐ S Corporation ☐ Limited Liability Company
 2. **Total Compensation to include:**

☐ W-2 Wages ☐ Term Life Insurance/Disability Insurance (employee only)

☐ Family Medical Premiums ☐ Uninsured Medical Expenses
 3. **Critical Items Discussed**
 - A. Reasonable Compensation
 - B. Separate Checking Account
 - C. Federal ID Number
 - D. W-2, W-3, 943/941, I-9
 - E. Family Medical Premiums
 - F. Uninsured Expenses (Period of Coverage)
 - G. Workers' Compensation (if applicable)
 - H. Employee's Duties/Documentation of Work
 - I. Carry Over Feature
 - J. Plan Start Date
 4. **Complete Plan Application**
 5. **Review Client Plan Annually**
 - A. Summary Plan Description
 - B. Total Compensation Package
 - C. Employer/Employee Agreement

* Keep this checklist for your records

(1) EMPLOYER INFORMATION

Company Name _____

Last Name _____ First Name _____

Telephone Number _____ Fax _____

Address - Mailing _____ City _____ State _____ ZIP _____

Business Federal ID # _____ ☐ AgriPlan ☐ BizPlan Cell Phone Number _____

Do you own interest in any other business? ☐ Yes ☐ No

Filing Status: ☐ Sole Proprietor ☐ Partnership ☐ Limited Liability Company ☐ C Corporation ☐ S Corporation ☐ Non-profit

FAST TRACK ☐ - If you would like assistance completing sections 2 or 3 of this application, please check the FAST TRACK option, enter a contact name and number, and send this form and payment to AgriPlan/BizPlan. An AgriPlan/BizPlan representative will contact you to help you complete the application.

Best time to call: _____ Contact Name: _____ Contact Phone Number: _____

(2) PARTICIPATION AND ELIGIBILITY REQUIREMENTS

(Check eligible employees and their respective maximums. If a category is checked, but a maximum is not elected, it will be defaulted to the maximum.)

☐ Part-time employees completing _____ hours of work per week will be included (maximum of 25 hours*)

☐ Seasonal employees completing _____ months of work within a year will be included (maximum of 7 months*)

☐ Employees completing _____ years of age will be included (maximum 25 years)

☐ Current employees completing _____ months of service with the employer will be included (maximum of 36 months)

☐ New employees completing _____ months of service with the employer will be included (maximum of 36 months)

* Please refer to "Safe Harbor" rules on the reverse side.

Do you currently have a Section 105 Plan? ☐ Yes ☐ No If yes, list name of administrator or indicate self: _____

Eligible Employees - (Eligible employees listed below must meet all requirements of Section 2 and are considered current employees as of the date of this agreement. Attach an additional sheet if necessary.)

Employee Last Name _____ First Name _____ Social Security # _____ - _____ - _____

Employee Last Name _____ First Name _____ Social Security # _____ - _____ - _____

(3) AVAILABLE BENEFITS

(Select benefits available to the eligible employee(s). These benefits are considered part of the employee's compensation.)

Employee and Family

- ☐ Health Insurance Premiums (Including Qualified Long Term Care Insurance and Cancer Insurance)
\$ _____ (Enter a dollar amount or "All.") Maximum amount of reimbursement for health insurance premiums per eligible employee for the Plan year.
- ☐ Non-Insured Medical Reimbursement
\$ _____ (Must enter a dollar amount.) Maximum amount of medical reimbursement for out-of-pocket expenses available per eligible employee for the Plan year.
- ☐ Dental Insurance Premiums
- ☐ Carry Over Feature* \$ _____ (Must enter a dollar amount.) Maximum aggregate amount the Carry Over may reach per eligible employee.
- * Add \$25.00 per employee for electing the Carry Over Feature to the total cost of the Plan.

Employee Only

☐ Term Life Insurance - \$50,000 maximum death benefit

Employee Only

☐ Disability Insurance

(4) PAYMENT

An Initial Enrollment Fee is due at the time of plan start-up and is enclosed. (South Dakota residents add 4% sales tax.)
Credit Card charges will appear on your statement as Division of TASC.

* See Application Guide for fee schedule.

Total annual fee for AgriPlan/BizPlan: \$ _____ + Tax: \$ _____ = Total Amount: \$ _____

☐ Check Number: _____ ☐ Master Card ☐ Visa ☐ American Express ☐ Discover

Signature: _____ Card #: _____ Expiration Date: _____

(5) AUTHORIZATION

I have read, understand and agree to the terms and conditions stated on the other side of this document as attested by the signature below, effective on the date of the signature. The start date for this Plan will be the first day of the month this Application is signed, however, you are able to go back to January 1 of the current year for deductions of insurance premiums.

Employer (sign here) _____ Date _____

Are you a current client of TASC; which service? ☐ MAPP ☐ PHiEd

Provider Name _____ Provider Number _____ Retail Code _____

To ask a question, contact AgriPlan/BizPlan for assistance at 800-422-4661, and press 7.

AgriPlan® / BIZPLAN®

The undersigned employer hereby adopts and establishes the following medical reimbursement plan, herein referred to as AgriPlan or BizPlan, pursuant to, but not limited to, Section 105 of the Internal Revenue Code, Revenue Ruling 71-588 and Letter Ruling 9409006 as amended. Said employer hereby incorporates the terms and provisions of AgriPlan or BizPlan by reference. The executed agreement includes page 1 & 2.

In the event of an error or omission in the course of administering the Plan on behalf of the employers and participating employee(s), AgriPlan/BizPlan will notify and remedy the error or omission in a reasonable period following the error or omission. The employer and employee(s) agree to AgriPlan/BizPlan's procedures for correcting including but not limited to payroll reduction. An error by the employer or AgriPlan/BizPlan does not constitute an assumption of liability for the amount of the error.

Appointment

Said employer hereby appoints AgriPlan/BizPlan as its agent to assist the employer in fulfilling the terms and conditions of the plan. AgriPlan/BizPlan will at all times be subject to direction and instruction from the employer. The Plan document adopted herein will remain in the possession of AgriPlan/BizPlan. AgriPlan/BizPlan may from time to time suggest changes and amendments to the Plan. The employer hereby agrees to adopt any reasonable suggested changes.

Plan Number

A Plan Number has been assigned to this Plan. The client should make note of the Plan Number and use it when contacting the TASC Customer Service Department to ensure efficient and accurate transferring of plan-related information.

Administration

The plan administrator is the employer. The employer agrees to appoint AgriPlan/BizPlan to carry out the administration of the Plan. It shall be the principal duty of the appointed administrator to see that the Plan is carried out in accordance with its terms for the exclusive benefit of persons entitled to participate in the Plan.

Eligible Employee

Each eligible employee will have the opportunity to participate in the employer-sponsored AgriPlan or BizPlan. Employer hereby agrees to offer the Plan and benefits to all eligible employees. Eligibility is based upon employment by employer. Employment does not include work for hire by independent contractors.

Plan Start Date

The Plan will go into effect January 1 of the calendar year in which the Adoption Agreement was completed unless otherwise indicated. Specific benefit start dates are established pursuant to the Plan Document within the guidelines established by the respective Internal Revenue Code and/or Rulings.

Entry Date

New employees must be offered the opportunity to participate on the anniversary date (January 1) of the Plan following the date the employee satisfies the eligibility requirement set forth in the Plan.

Administration Fees

An ongoing employer administration fee will be paid directly to AgriPlan/BizPlan. Fees are subject to change. Clients who enrolled in AgriPlan/BizPlan after November 15, will be immediately billed for the following Plan Year.

Termination

Upon and after the expiration or termination of this Agreement, the rights granted to the employer pursuant to this Agreement shall revert back to AgriPlan/BizPlan, divisions of Total Administrative Services Corporation. Within 20 days after termination or expiration of this Agreement the employer shall return to AgriPlan/BizPlan all manuals, brochures, computer programs, customer and vendor data bases, and any other documents regarding the AgriPlan/BizPlan programs and systems "Confidential Information" and any copies thereof. In addition, the employer shall refrain from any further direct or indirect use of or reference to the AgriPlan/BizPlan marks, systems, publications, manuals, brochures, documents, computer programs and computer data bases in connection with the marketing, use, implementation, license, sale or distribution of any program or system that enable employers to offer employee benefits on a pre-tax basis. Finally, the termination of this Agreement shall not affect the duty of the employer to not infringe on AgriPlan/BizPlan's trademarks and copyrights and not to disclose and keep confidential all said Confidential Information supplied to the employer by AgriPlan/BizPlan.

Money Back Guarantee

If you are not entirely pleased with AgriPlan/BizPlan, simply return all the AgriPlan/BizPlan materials within 30 days of the date received to obtain a full refund of the purchase price.

***Safe Harbor Rules**

"Employees whose customary weekly employment is less than 35 hours, if other employees in similar work with the same employer have substantially more hours, are considered part-time. Employees whose customary annual employment is less than nine months, if other employees in similar work with the same employer have substantially more months, are considered seasonal. Notwithstanding these rules, a safe harbor permits an employer to treat employees whose customary employment is less than 25 hours a week or seven months a year as part-time or seasonal employees." Regulation § 1.105-11 (c)(2)(iii)(C)

Please mail your Plan Application along with your enrollment fee to the following address:

Total Administrative Services Corporation
2302 International Lane
P.O. Box 14140
Madison, Wisconsin 53704-3140