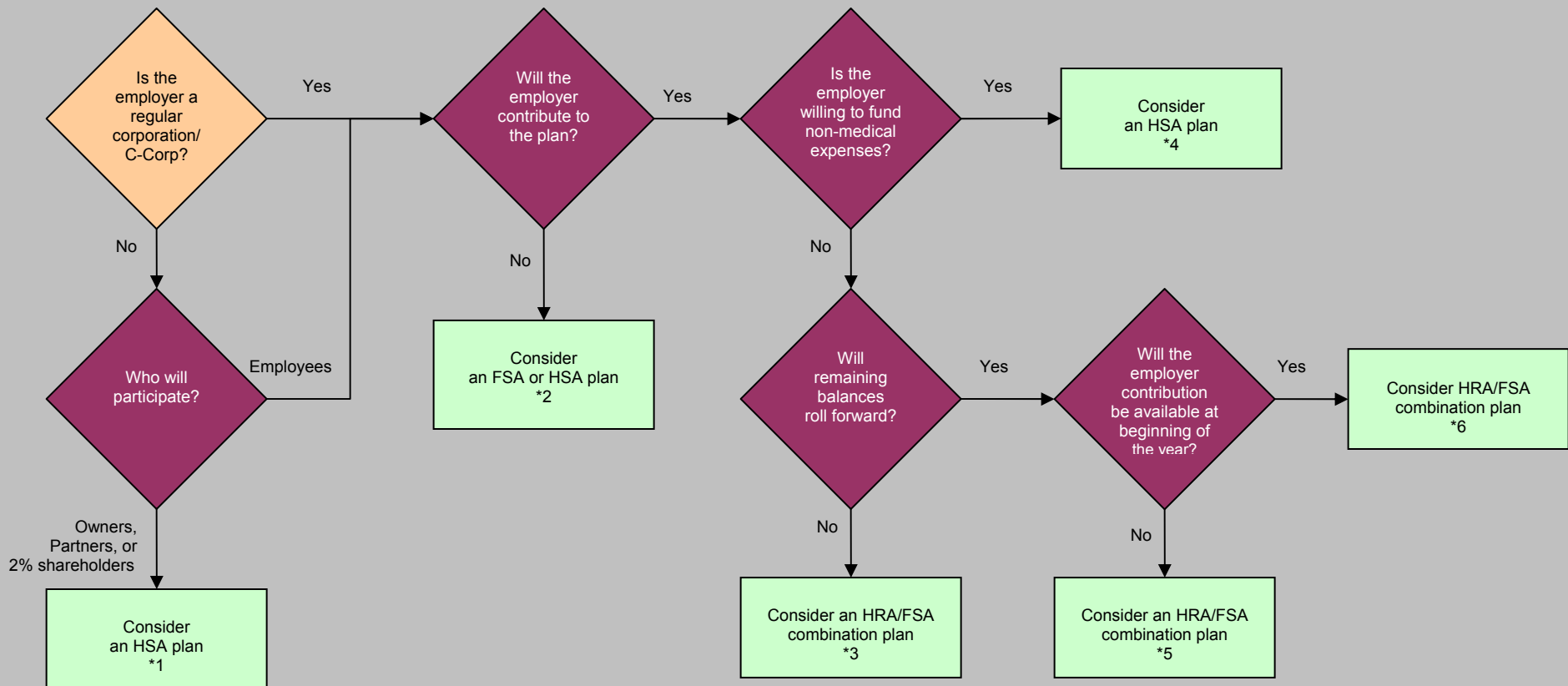


Flowchart of HRA, HSA, and FSA Options



*1. Company owners of Sole Proprietorships, Partnerships, S Corporations, and Limited Liability Companies, are not eligible to participate in an FSA. Therefore an HSA is their best option. Owners of a C-Corp are generally eligible to participate in an HSA, HRA or FSA.
 *2. If the employer is not contributing to the plan, an FSA or HSA plan would be the only available options.
 *3. HRA plan can be used for employer contributions; FSA plan can be used for employee contributions. Employer should opt-out of roll forward and grace period options.
 *4. HSA contributions can be spent on non-medical expenses (tires, groceries, tv's, etc.) subject to taxes and 10% penalty. HSA eligible expenses are set by the IRS and cannot be controlled by the employer.
 *5. Employer should design HRA with monthly pro-rated employer contributions. FSA plan can be used for employee contributions.
 *6. HRA plan can be used for employer contributions; FSA plan can be used for employee contributions.