

# Non-Discrimination Testing

Choice Strategies offers non-discrimination testing to clients as a complimentary and recommended service, however, voluntary to the client.

## The Test We Perform

### On HRA plans we perform:

1. Eligibility Test
2. Benefits Test

### On FSA plans we perform:

1. Eligibility Test
2. Benefits Test

### On DCA plans we perform:

1. Eligibility Test
2. Contributions and Benefits Test
3. More-than-5% Owner Test
4. 55% Average Benefits Test

**HRA and FSA Eligibility Tests:** Ensure that a sufficient ratio of employees are benefitting from the plan. It can be performed three different ways. Generally if 70% of employees are participating in an HRA, the plan will pass testing.

**DCA Eligibility Test:** Requires that we evaluate the plan's ratio of eligible employees that this be within the safe harbor as defined by the IRS.

**All Benefits Tests:** Measure that the benefits being received are of equal value. We compare reimbursement limits, eligible expenses, and waiting periods for all employees.

**DCA More-than-5% Owners Test:** Calculates usage in order to verify that more-than-5% owners are not being reimbursed in excess of 25% of the plan's total reimbursements.



**55% Average Benefits Test:** Measures that the average reimbursement made to highly compensated employees is not in excess of 55% of average reimbursement made to all employees. Choice Strategies strongly recommends that employees earning in excess of \$115,000 be barred from participation in a DCA as it will be extremely difficult for the test to pass if there is even one participant earning in excess of the \$115,000.