

ERISA Consultants

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CAFETERIA (FLEXIBLE SPENDING) BENEFIT ANALYSIS

The analysis below is based on the following assumptions:

Annual Salary \$26,000	Annual Insurance Premiums \$1,680
Annual Medical Expenses \$1,000	Annual Dependent Care Expenses \$3,000

	Without Cafeteria Plan	With Cafeteria Plan	With Cafeteria Plan & 401(k) Plan
Monthly Salary	\$2,166.67	\$2,166.67	\$2,166.67
Less Before Tax Deductions			
Insurance Premiums	\$0.00	(\$140.00)	(\$140.00)
Medical Care Expenses	\$0.00	(\$83.33)	(\$83.33)
Day Care Expenses	\$0.00	(\$250.00)	(\$250.00)
401(k) Contributions	\$0.00	\$0.00	(\$151.67)
Taxable Income	\$2,166.67	\$1,693.34	\$1,541.67
Less Paycheck Deductions			
Insurance Premiums	(\$140.00)	\$0.00	\$0.00
Federal Tax (15%)	(\$325.00)	(\$254.00)	(\$231.25)
FICA (7.65%)	(\$165.75)	(\$129.54)	(\$117.94)
State Tax (2.5%, varies by state)	(\$54.17)	(\$42.34)	(\$38.54)
Net Pay	\$1,481.75	\$1,267.46	\$1,153.94
Plus Tax-Free Reimbursement			
Medical Care Expenses	\$0.00	\$83.33	\$83.33
Day Care Expenses	\$0.00	\$250.00	\$250.00
	\$1,481.75	\$1,600.79	\$1,487.27
Less Expenses			
Medical Care Expenses	(\$83.33)	(\$83.33)	(\$83.33)
Day Care Expenses	(\$250.00)	(\$250.00)	(\$250.00)
Spendable Income	\$1,148.42	\$1,267.46	\$1,153.94

With a Cafeteria Plan your net spendable income per year will increase by approximately:

\$1,428.48

With a slight *increase* in take home pay, you could invest for retirement each year approximately:

\$1,820.04

At age 65, assuming an interest rate of 8%, you will have the following retirement nest egg:

30 Year Old	\$313,623.48
35 Year Old	\$206,179.98
40 Year Old	\$133,055.73

YOU DO THE MATH

Annual Salary \$ _____	Annual Insurance Premiums \$ _____
Annual Medical Expenses \$ _____	Annual Dependent Care Expenses \$ _____

	Without Cafeteria Plan	With Cafeteria Plan	With Cafeteria Plan & 401(k) Plan
Monthly Salary	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Less Before Tax Deductions			
Insurance Premiums	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Medical Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Day Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
401(k) Contributions	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Taxable Income	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Less Paycheck Deductions			
Insurance Premiums	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Federal Tax (15%)	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
FICA (7.65%)	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
State Tax (2.5%, varies by state)	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Net Pay	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Plus Tax-Free Reimbursement			
Medical Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Day Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Subtotal	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Less Expenses			
Medical Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Day Care Expenses	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Spendable Income	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>

With a Cafeteria Plan your net spendable income per year will increase by approximately:

(Subtract Column B from Column A, then multiply by 12 months) \$ _____

