

## Can a Business Owner Have a Benefits Plan for One?

If you are an owner-operator, sole proprietor, or incorporated individual, you can have a benefits plan for one that's right for you and your family.

### Why Set Up a Benefits Plan for One?

As a business owner, it's a simple matter to set up a benefits plan. As both employer and employee, you are absolutely eligible to do so and the advantages speak for themselves.

Setting up a benefits plan is a means to ensure you are paying for your medical and dental expenses in the most tax-effective way possible – things you will be paying for regardless. You are incurring these expenses anyway, so you might as well convert them into tax deductible business expenses.

If you're an entrepreneur with any medical or dental expenses, a benefits plan is a no-brainer. You'll save money and gain protection for your family.

### Does it matter whether I am incorporated?

It does, and depending on your situation and your specific needs, one of two benefits plan designs will work best for you.

### What Are My Options?

There are limits on what carriers will offer to groups of one. The Benefits Trust offers medical and dental claims adjudication in-house and we purchase Stop Loss and Out of Country Insurance to protect against potentially financially devastating medical expenses.

You have two options:

#### 1. Healthcare Spending Account Plus (HSAP) Plan

This option makes perfect sense for those who are looking to supplement an existing plan or to control their spending budget.

The HSAP is particularly beneficial in supplementing another plan because a healthcare spending account is always the last payor. That means the other plan would always pay first, and any expenses left unpaid could then go through the HSAP. If this plan is being set up to supplement another plan, the catastrophic coverage can be waived, assuming it is provided by the other plan.



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Many businesses desire a fixed budget for a number of different reasons. A defined contribution plan like this one allows them to know what their costs are each month and not have to worry about their renewal.

Healthcare spending accounts have specific limitations for sole proprietors, who can contribute a maximum of \$1,500 per adult (including children over age 18) and \$750 per child. Depending on your family composition and needs, this may or may not be sufficient for you.

## 2. Executive Benefits Plan

This product is typically a better fit when there is no existing coverage.

The Executive Benefits Plan has a few key advantages over the HSAP. First, you can set a budget for the plan, rather than a limit. That means you never need to worry about hitting your maximum. The Executive Benefits Plan also has a pay-direct drug card, and fewer restrictions on funding for sole proprietors.

As this is a “defined benefit” plan, there are no specific limitations on what amounts can be contributed.

## What about Conventional Plans?

You may be wondering why a more conventional benefits plan isn't right for you. Well, core health and dental coverage plans typically provide a percentage of coverage (e.g. 80% of your routine medical and dental expenses) with deductibles, restrictions, and internal maximums. You're the business owner! It doesn't make sense for you to pay 20% out of pocket, when you could have more comprehensive, tax-deductible coverage through your business instead. Some plans will then allow you to submit the excess amounts for reimbursement through Cost Plus, but why overcomplicate a simple process?

Ask Your Advisor or  
Contact Us to Learn  
More and Get Started.