



Reformed Benefits Association

To: All Reformed Benefits Association Churches/Employers

Date: January 2018

Re: **Important Payroll and Tax Related Information**

The following payroll and tax-related items should be reviewed annually by each church:

- 1) **Group Term Life Insurance and Imputed Tax** - As the employer (church) you are providing your full-time staff with \$175,000 Group Term Life insurance. Per IRS guidelines, the “cost” of employer-provided life insurance exceeding \$50,000 is considered taxable income. The document, *Group Term Life and Imputed Income*, provides additional information on how to calculate the figure for tax purposes.
- 2) **Pre-tax Contributions to a Health Savings Account, or Pre-Tax Deductions for Premiums** - In order for an employer (church) to make deductions from staff on a pre-tax basis to pay any portion of insurance premiums or to contribute to a Health Savings Account (HSA), the employer must have a Section 125 Plan in place. To simplify this matter, your church can choose to adopt the Reformed Benefits Association Master Flexible Benefits Plan. The Memo to Churches outlines the steps required. **PLEASE NOTE: all Section 125 documentation should be retained at the church. RBA does not require a copy of any of these forms.**
- 3) **Changes to Coverage:** If a staff experiences a change to his or her benefits coverage (marriage; divorce; birth; adoption; termination; new hire etc.), you must notify RBA **within 31 days** of the event date.

Please contact us with any questions at 800-701-8992 or email benefits@reformedbenefits.org