



➤ August 19, 2021

# Consumer Driven Accounts (CDA)

*Fringe Benefit Accounts*



Presentation By:  
**Ernie Harris**  
*President & COO of BASIC*

# Before We Begin



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today's webinar



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# Coast to Coast Administration



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18,000 employers  
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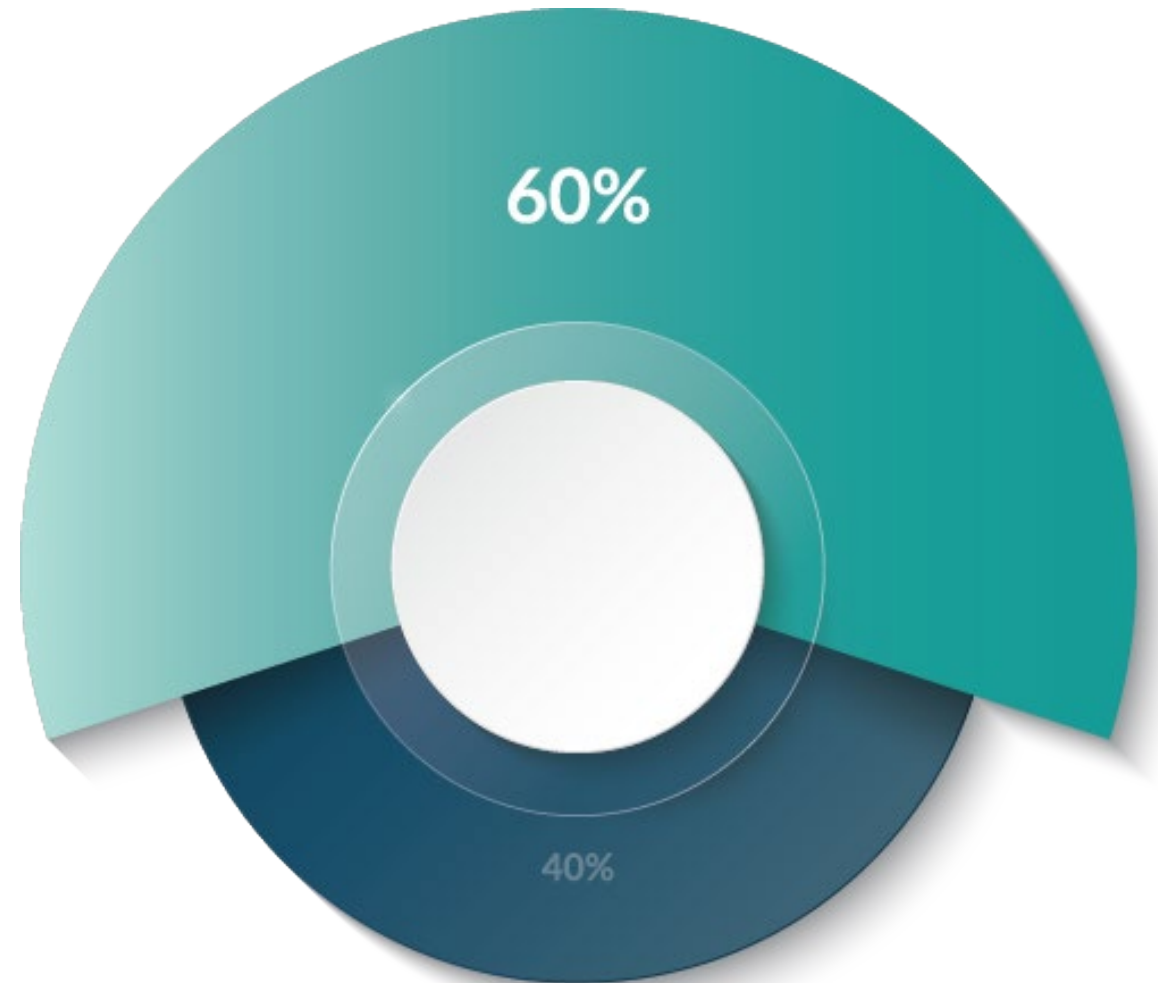
# ➤ Consumer Driven Accounts (CDA)

- New integrated system allows employers and participants to manage all their benefit plans on **one card,**  
**one website,**  
**and one mobile app**



## ➤ Benefit Trends

- **60%** of employees are interested in their employer providing a wider mix of non-medical benefits that they can choose to purchase on their own



<https://www.metlife.com/employee-benefit-trends/>



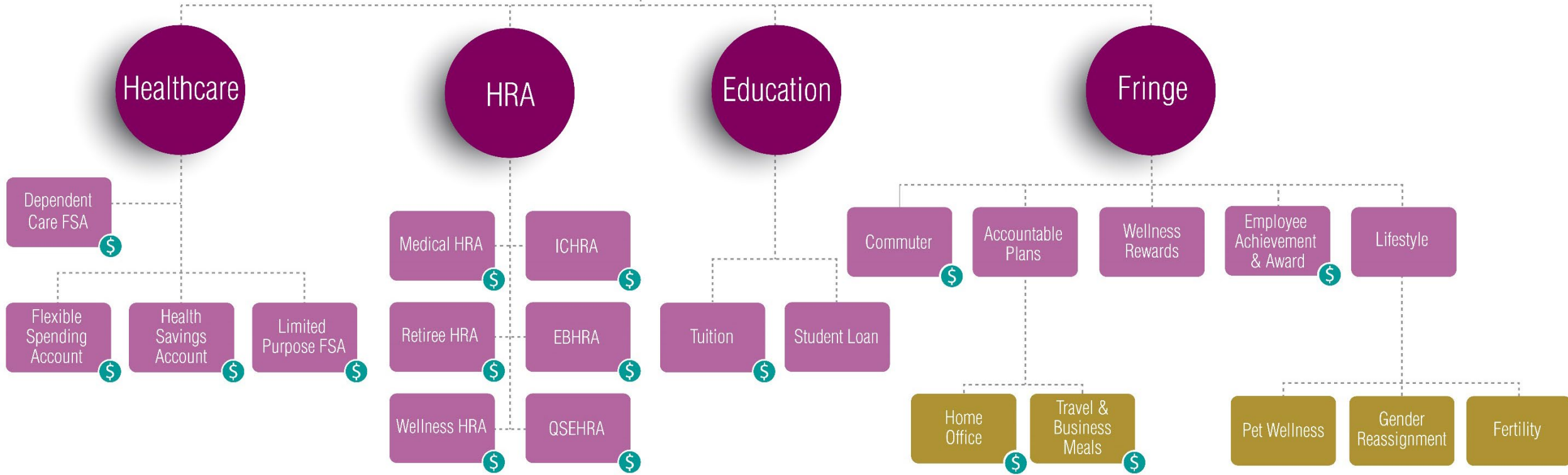
## ➤ CDA System Flexibility

- The BASIC CDA system is a new, purpose built, financial account administration system
- Unlike traditional platforms that started as an FSA platform, CDA is capable of managing any tax-advantage or non-tax-advantaged account design necessary



# CDA

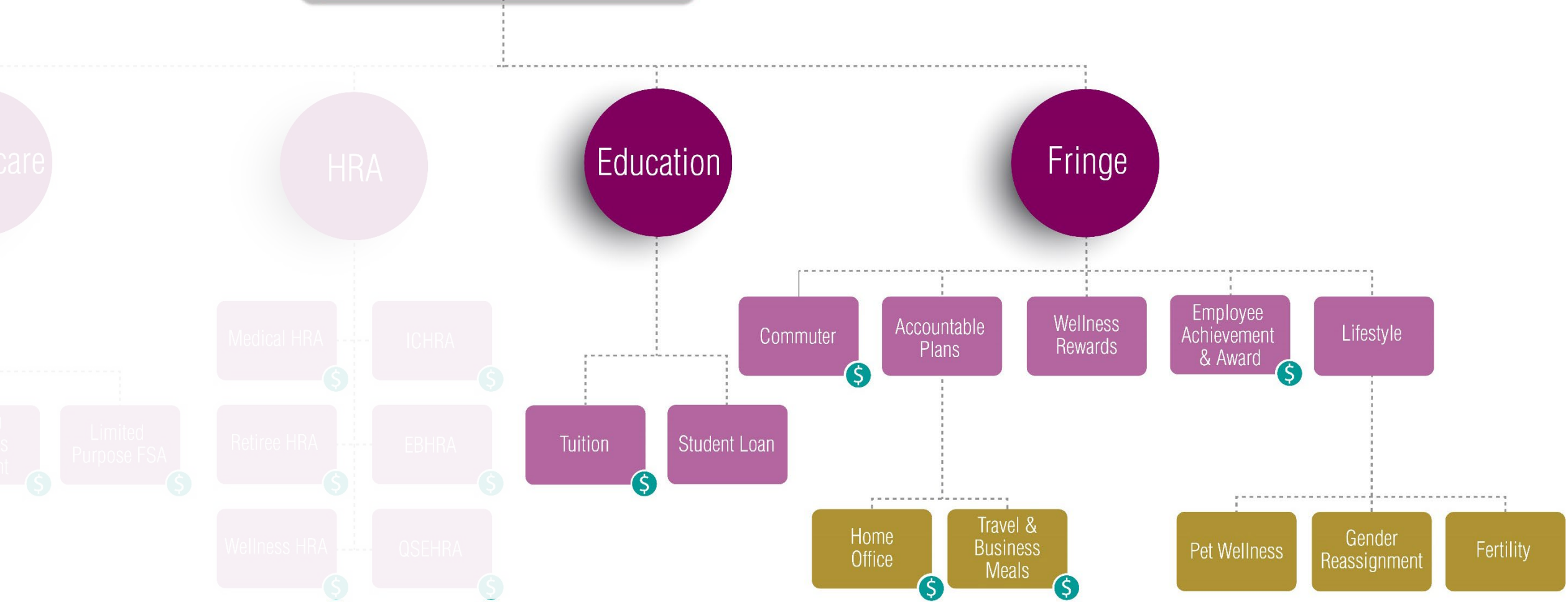
Consumer Driven Accounts





# CDA

Consumer Driven Accounts



# ➤ Non-Tax Advantaged & Tax Advantaged

## Non-Tax Advantaged

- Participants are taxed on the money they use
- It is reported as income on their W-2 (this is imputed income\*)
- Due to imputed income, these accounts run on a calendar year to coincide with annual tax reporting

## Tax Advantaged

- Reimbursements are not taxable for employees and the employer can write it off as a business expense



# Student Loan Reimbursement

CDA Education Accounts

# ➤ Student Loan Reimbursement Account

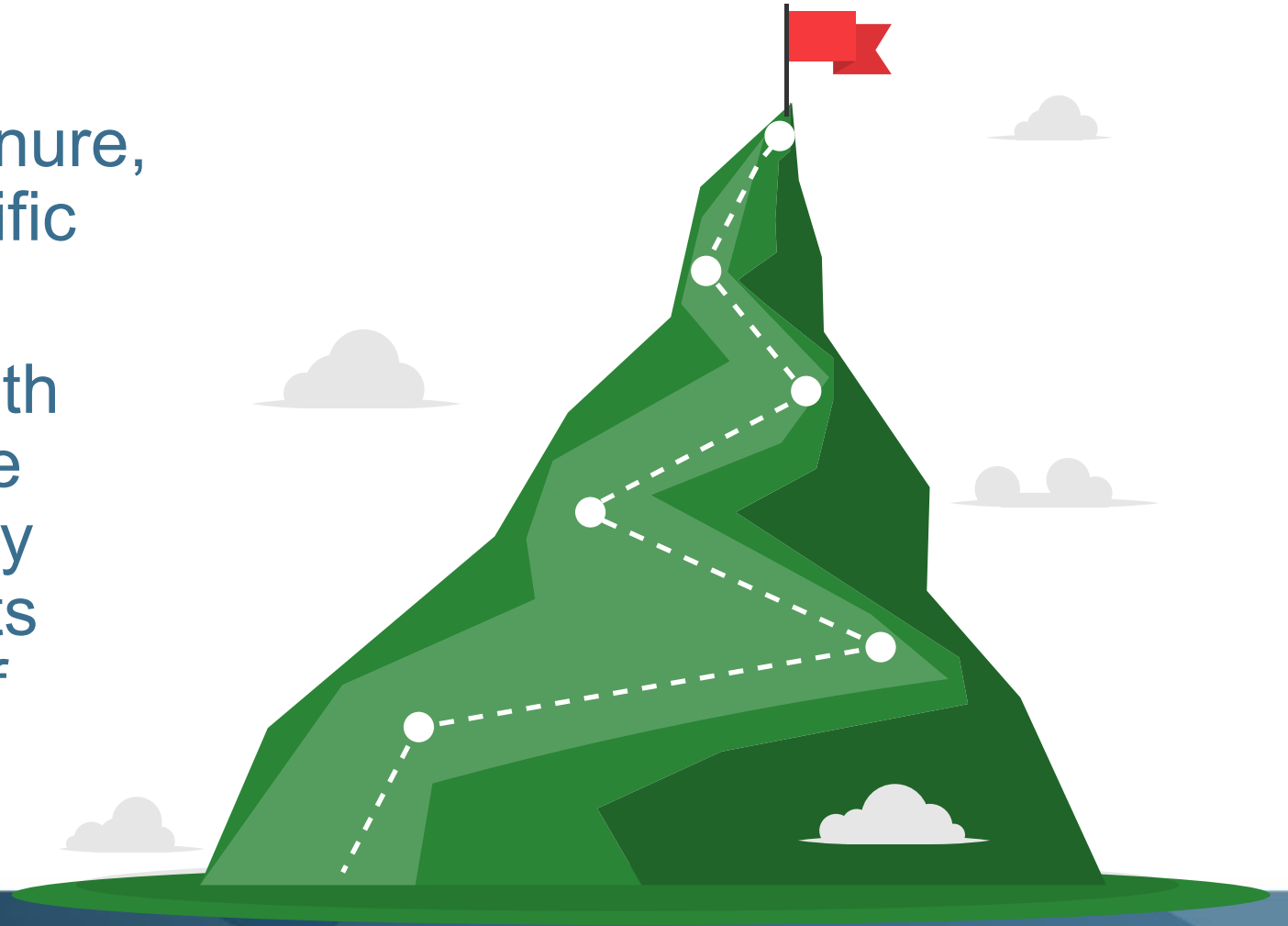
- Highly valued by recent college graduates
  - Pay off loans faster
  - Build savings
- Employer determines annual and lifetime maximum payment amounts
  - Fund entire annual amount up front or on a monthly basis
  - Money in / money out – money is available to spend after it is contributed



Non-Tax Advantaged

# ➤ Student Loan Reimbursement Account

- Employer sets eligibility requirements such as tenure, work performance, specific roles, etc.
- Plan can be designed with tenure tiers to encourage long-term employment by adding additional benefits after a certain number of years





# Tuition Reimbursement Account

CDA Education Accounts



# ➤ Tuition Reimbursement Account

- Allows employers to reimburse participant tuition costs with tax deductible funds incurred now or in the future
- Develop talent in-house and increase employee productivity
- Encourage loyalty, reduce the cost of turnover and onboarding



Tax Advantaged

# ➤ Tuition Reimbursement Account

- Employers determine level of reimbursement, set program study parameters, and/or GPA requirements
- BASIC manages reimbursement requests, verifies IRS regulations and employer plan design



Tax Advantaged

# Wellness Rewards Accounts

CDA Fringe Accounts

# ➤ Wellness Rewards Accounts

- Invest in employee health, wellness, and productivity with a Wellness Rewards program
- Employers have the flexibility to choose which behaviors they would like to reward and the reward amount



Non-Tax Advantaged



# ➤ Wellness Reward

- Amy joins a yoga studio and attends classes regularly
- Her employer rewards employees \$200 who attend 50 workouts in a 6-month period
- Amy submits documentation to BASIC's CDA System for verification and then \$200 is added to Amy's MyCash account



Non-Tax Advantaged

# Home Office Account

CDA Fringe – Remote Workplace Accounts



# ➤ Home Office Account

- Increasing in popularity for employers nationwide
- The pandemic caused a large shift in temporary remote work and many employers are now moving to permanent
- Easily reimburse remote workers for home office expenses while receiving a tax deduction



Tax Advantaged

## ➤ Home Office Account

- Some companies have tight restrictions around how the money can be used. Some will reimburse only for office supplies, while others expand the scope to include furniture such as desks and chairs.
- Some allow periodic allowances for business use of the employee's phone and home internet service.
- Benefits can be customized to include money to defray the costs of other home office expenses, such as higher utility bills.

Tax Advantaged



# Remote Workplace Accounts

- Home Office
- Professional Business Expense
- Travel and Business Meals
- Work Clothes
- Workplace Tools Accounts



Tax Advantaged



# Pet Wellness Account

CDA Fringe - Lifestyle Reimbursement Account

# ➤ Pet Wellness

- ABC Company wants to set up a Pet Wellness Reimbursement Account
- ABC Company can dictate:
  - Which pet-related expenses are eligible
  - The participant eligibility
  - Reimbursable amount
- Examples of eligible expenses include:
  - Vet costs (CT scans, procedures, surgeries, emergency vet care)
  - Prescriptions
  - Pet grooming
  - Flea/tick treatment
  - Boarding or daycare
  - Pet insurance

Non-Tax Advantaged

# Pet Wellness

- Once enrolled, participants can use their BASIC Card, which is linked to their Lifestyle Reimbursement Account, for pet wellness eligible expenses
- They can also pay out-of-pocket and request a reimbursement for expenses via the BASIC benefits mobile app or website portal

Non-Tax Advantaged

# Vaccine Reward Account

CDA Fringe Accounts

# ➤ Vaccine Reward Account

- The employer determines the eligibility requirements & incentive amount



## Examples

- \$75 and \$100 to each employee who receives the full COVID-19 vaccine
- The equivalent of 2 hours of pay for each dose of the COVID-19 vaccine per employee

Non-Tax Advantaged



# ➤ Vaccine Reward Account

An eligible employee gets vaccinated

They submit proof of vaccination online to the BASIC CDA system or through the BASIC benefits app

BASIC verifies eligibility

The incentive amount is added to the employee's Vaccine Reward Account

Non-Tax Advantaged

# Employee Achievement & Award Account

CDA Fringe Accounts



# ➤ Employee Achievement & Award Account

- Simple and uniform way to reward employees
- No more gift cards or certificates that come with convenience fees
- Employers can opt for the first \$400 to be tax-exempt for employees



Tax Advantaged up to \$400

# ➤ Employee Achievement & Award Account



A way for employers to incentivize their employees for specific achievements within the organization.



Employers determine specific achievements that qualify for incentive funds, which are then sent directly to the employee's CDA account to be used for any expense the employee chooses.

Tax Advantaged up to \$400

# ➤ Employee Achievement & Award Account

## Examples

- Referring new business to the company
- Referring a new hire
- Hitting a performance quota or metric (sales, customer satisfaction, etc.)
- Anniversary milestones
- Holiday bonuses
- Bravo, for a job well done
- “Lunch” for remote staff

Tax Advantaged up to \$400



# Participant Experience

BASIC CDA

# ➤ Participant Experience

Three different ways for participants to access their various account funds:

- BASIC Card
- Picture to Pay
- Manual Reimbursement



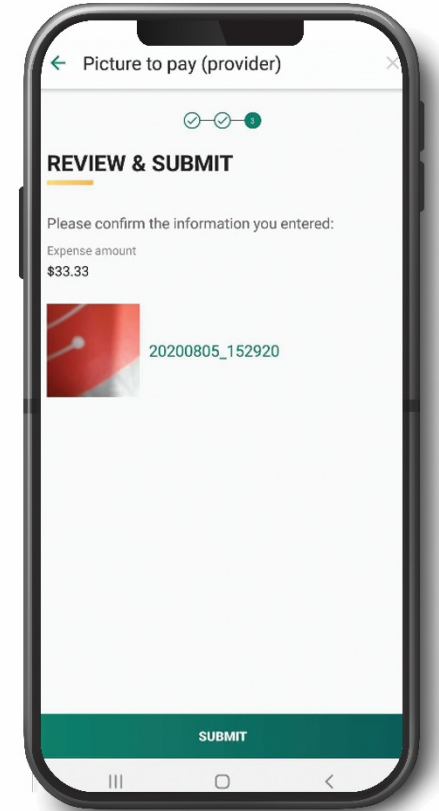
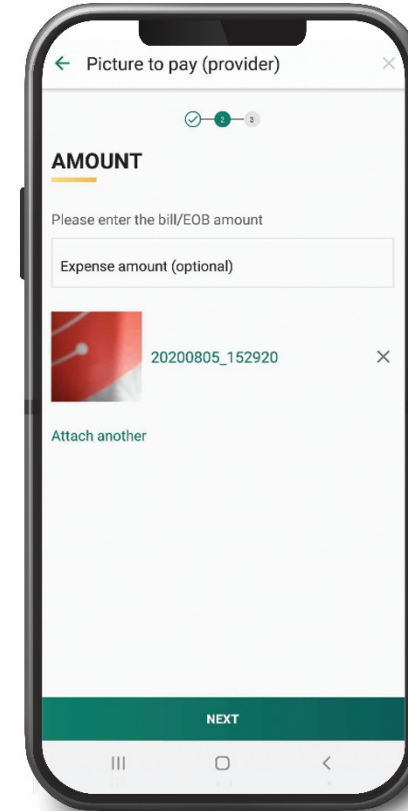
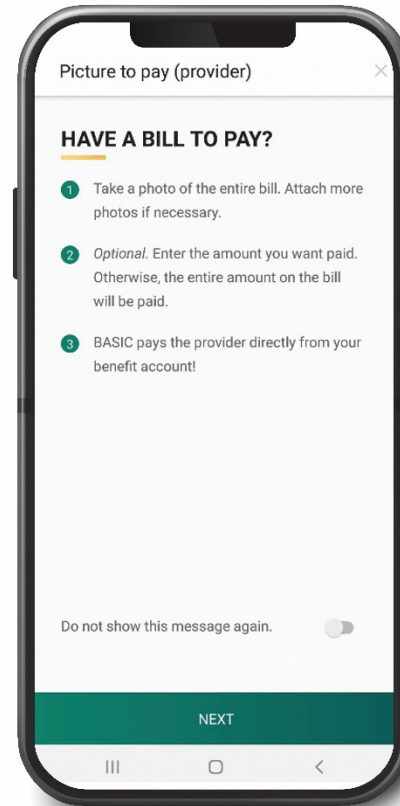
## ➤ BASIC Card

- Smart benefits card with access to all participant benefit accounts and MyCash
- Eliminates the need for reimbursement requests
- **Proprietary technology** instantly withdraws funds from the appropriate account(s)



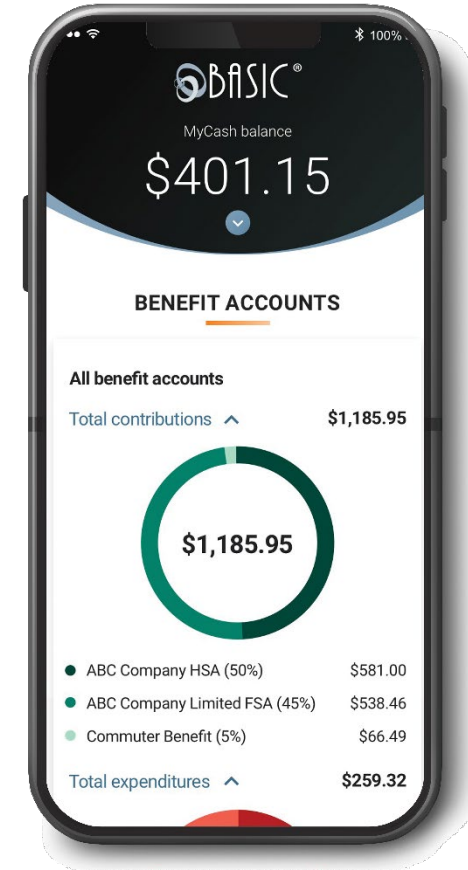
# ➤ Picture to Pay

- Take a picture of an eligible benefit expense/bill, then submit via the BASIC benefits app
- No forms to fill out and no need to sign-in to a website
- Just click and submit and we'll take care of the rest



# ➤ BASIC benefits App

- Participants can track and manage all their BASIC benefit accounts with a single app – **anywhere, anytime!**
- Access account information
- Request reimbursement
- Expense eligibility check
- Mobile card lock if BASIC card is lost or stolen





# ➤ MyCash

MyCash is an unrestricted post-tax reimbursement account linked to participants' BASIC Cards.

- Reimbursements deposited directly into participants' MyCash accounts – **faster than check or direct deposit!**
  - Pay for non-benefit eligible expenses from the MyCash account by using the BASIC Card anywhere Mastercard is accepted
  - Transfer MyCash funds to personal savings or checking account via one-time or recurring transfer
  - Withdraw MyCash funds at an ATM



# ➤ Our New Service Model

- Customer care call center support designed to deliver **below industry average hold times** for all clients
- Our CDA system **empowers clients** to perform routine functions like enrolling or terminating employees from a benefit plan at any time
- **Support Requests** can be made directly in our CDA system, enabling clients to quickly request changes to their benefit plan, plus receive a tracking number and status updates



# Before Q&A



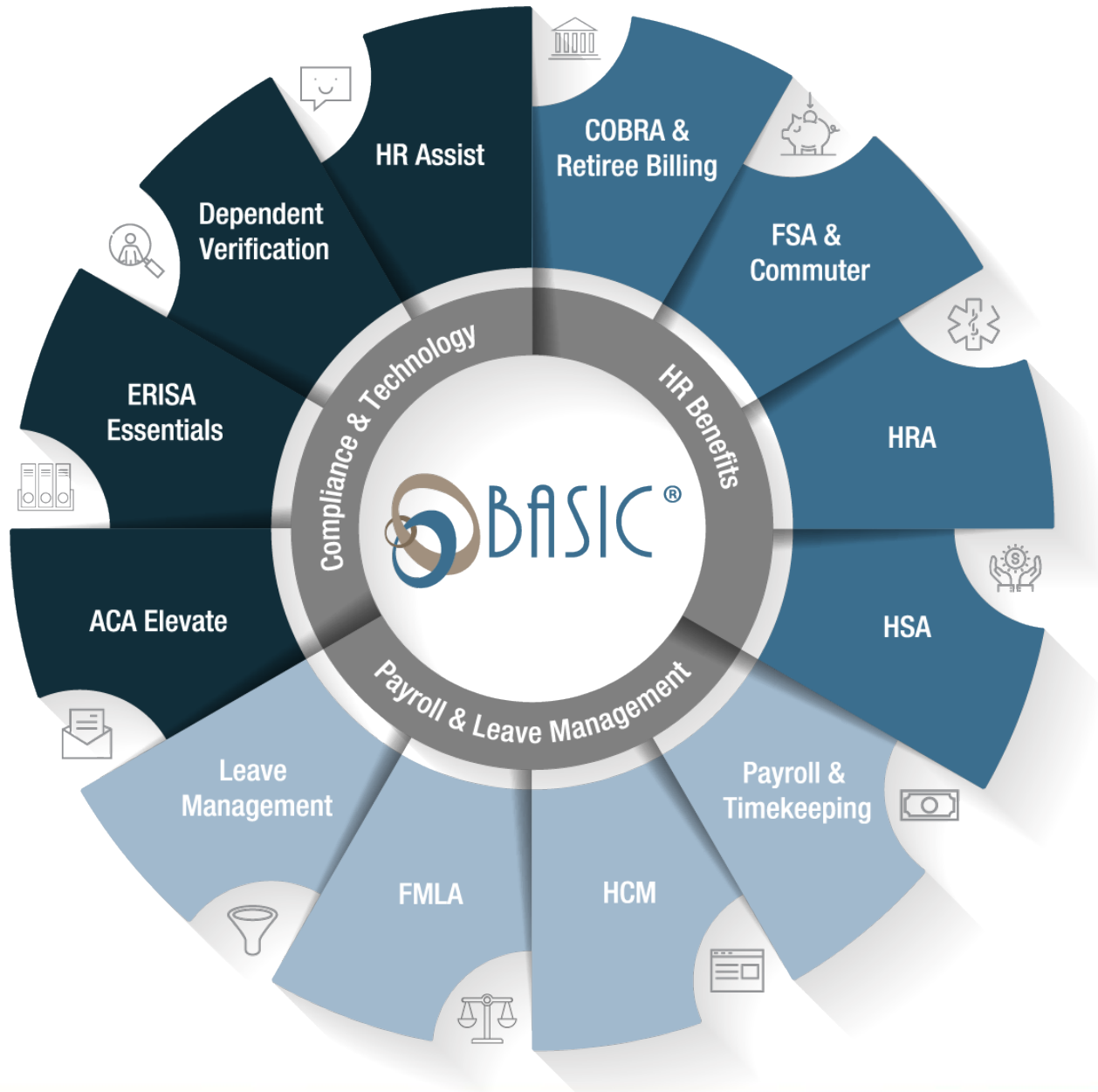
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