



Do You Qualify?

**Save an Average  
of \$2,450.00  
in Taxes**

*Application Guide*

**AgriPlan/BizPlan**

A division of Total Administrative Services Corporation  
2302 International Lane  
P.O. Box 14140  
Madison, WI 53704-3140  
608-241-1900/800-422-4661  
Fax: 608-241-4584  
E-mail: [sales@tasconline.com](mailto:sales@tasconline.com)  
[www.tasconline.com](http://www.tasconline.com)

---

## **Last Year Over 50,000 Self-employed Farmers and Small Business Owners Saved an Average of \$2,450 in Taxes**

AgriPlan/BizPlan believes farmers and small business owners need tax breaks and deductions just as large corporations do. AgriPlan/BizPlan is an employee benefit program that has been serving self-employed farmers and small business owners since 1986. The Plan allows for a 100% deduction of family health insurance premiums, qualified long-term care insurance premiums, uninsured medical, dental and vision care expenses. In addition, AgriPlan/BizPlan allows for a 100% deduction of life and disability income insurance for the employee only. AgriPlan/BizPlan is based upon Section 105 of the Internal Revenue Code, Revenue Ruling 71-588 and Letter Ruling 9409006. Those who qualify include sole proprietors, partnerships, limited liability companies and corporations (including sub-chapter S corporations).

When you formalize the employment relationship with your spouse and enroll in AgriPlan/BizPlan, you receive a detailed benefits program to make your family health care costs 100% deductible. AgriPlan/BizPlan provides the following advantages:

- 100% deductible family medical insurance premiums.
- 100% deductible non-insured medical expenses.
- 100% deductible qualified long term care insurance premiums (within IRS guidelines).
- Deductible term life premiums on spouse/employee (up to \$50,000 in death benefits).
- Deductible disability premiums on spouse/employee.
- The ability to carryover from one Plan Year to the next any unused portion of funds allocated to pay for health expenses.
- An increase in spendable income.
- Worry-free administration.
- Potential for additional tax advantaged retirement plan funding and other benefits of spousal employment.
- The AgriPlan/BizPlan Audit Guarantee:

*AgriPlan/BizPlan stands behind enrolled Clients if the Client has adhered to the outlined procedures and parameters of the Plan. If all procedures and guidelines of the Plan were followed correctly, AgriPlan/BizPlan will assume financial responsibility for 100 percent of any penalty and/or interest charged as a result of an audit as it pertains to AgriPlan/BizPlan.*

### **Putting Your Plan Into Action**

#### **AgriPlan/BizPlan will**

- Assist you in completing your Plan Application.
- Maintain the Plan Document and all compliance measures associated with the Plan.
- Provide a Client kit detailing the necessary steps to be completed upon enrolling.
- Perform year-end review of expenses claimed for deduction.
- Guarantee your Plan with the AgriPlan/BizPlan Audit Guarantee.
- Assist you in making any Plan changes on an annual basis.
- Provide toll-free assistance for questions regarding your Plan.

### You, the AgriPlan/BizPlan Client, will

- Complete the necessary tax forms (working with your tax advisor, if applicable).
- Formalize the employment relationship with your spouse.
- Establish a checking account for your spouse/family that is separate from your business account (if not done already).
- Reimburse eligible employees for family medical insurance premiums, out-of-pocket medical expenses and/or other benefits you select from your business account.
- Send one form per employee to AgriPlan/BizPlan at year-end for review of medical benefit expenses.
- Keep good records!

### Your Tax Advisor will

- Review your AgriPlan/BizPlan Client Kit materials with you.
- Assist in filing the necessary tax forms.
- Assist in establishing payroll procedures.
- Assist with annual Plan review.

(AgriPlan/BizPlan personnel are happy to work with your tax advisor on your behalf.)

### AgriPlan/BizPlan Fee Schedule

#### Section 105 Plan Service:

#### Annual Administration Fee:

\$195

#### Other Fee:

\$50 - For each additional EE  
\$25 - Carry Over feature per EE

### What Can You Save?

Determine your tax savings by inserting your family expenses into the Tax Savings Worksheet and multiply as shown.

#### AgriPlan/BizPlan Tax Savings Worksheet

	<u>Sample</u>	<u>Your Expenses</u>
<b>Step 1: Add Together the Following</b>		
Family Medical Insurance Premiums	<u>\$3,600</u>	\$ _____
Family Non-Insured Medical Expenses	<u>\$1,700</u>	\$ _____
Total Tax Deductible Expenses	<u>\$5,300 (A)</u>	\$ (A) _____

#### Step 2: Determine Your Multiplier

If your taxable income is:

	<u>Your Federal Tax</u>	<u>Your Multiplier</u>
0-43,850	15%	.34
43,851-76,200	28%	.47
76,201-105,950	28%	.35
105,951+	31%	.38

#### Step 3: Determine Your Tax Savings

Sample:	<u>\$5,300.00</u>	x .34	= <u>\$1,802</u>
	Enter # From A	Your Multiplier	Total Tax Savings
Your Savings:	\$ _____	x _____	= \$ _____

This is an illustration only. Actual results may vary. This is based upon 2000 tax rates and assumes an average state tax of 4% and 15.3% self-employment tax when calculating your multiplier.

## Determining Reasonable Compensation

To properly establish your Plan you must determine a reasonable compensation package for your employed spouse. To help you do so, complete the worksheet below. For questions regarding reasonable compensation, contact a local AgriPlan/BizPlan Provider, or call AgriPlan/BizPlan's Corporate Office at 1-800-422-4661, and press 7.

Reasonable Compensation Worksheet				Sample		
<p>Determine the gross dollar value of yearly services:</p> <p>_____ x \$ _____ = \$ _____</p> <p>Total hours worked                      Wages per hour                      Total yearly compensation</p> <p>per year</p> <p>Subtract benefits for employee:</p> <p>Enter your annual family medical insurance premiums: _____</p> <p>Enter your annual family non-insured medical expenses: _____</p> <p>Other reimbursable premiums (dental ins., term life, etc.): _____</p> <p>Remaining W-2 wage to be paid to spouse: _____</p>				<p><u>1000</u> x <u>\$10.00</u> = <u>\$10,000</u></p> <p>Total hours                      Wages                      Total Yearly</p> <p>worker per year                      per hour                      compensation</p> <p>Subtract benefits for employee:</p> <p>Medical Insurance Premiums                      \$4,000</p> <p>Non-insured Medical Expenses                      \$4,000</p> <p>Other Premiums                      <u>\$None</u></p> <p>Remaining W-2                      \$2,000</p>		

### AgriPlan/BizPlan Provider Checklist\*

☐ AgriPlan    ☐ BizPlan

**1. Qualify Prospect**

☐ Sole Proprietor    ☐ Partnership    ☐ C Corporation    ☐ S Corporation    ☐ Limited Liability Company

**2. Total Compensation to include:**

☐ W-2 Wages                      ☐ Term Life Insurance/Disability Insurance (employee only)

☐ Family Medical Premiums                      ☐ Uninsured Medical Expenses

**3. Critical Items Discussed**

- A. Reasonable Compensation
- B. Separate Checking Account
- C. Federal ID Number
- D. W-2, W-3, 943/941, I-9
- E. Family Medical Premiums
- F. Uninsured Expenses (Period of Coverage)
- G. Workers' Compensation (if applicable)
- H. Employee's Duties/Documentation of Work
- I. Carry Over Feature
- J. Plan Start Date

**4. Complete Plan Application**

**5. Review Client Plan Annually**

- A. Summary Plan Description
- B. Total Compensation Package
- C. Employer/Employee Agreement

\* Keep this checklist for your records