

August 2, 2012

Greetings!

As a follow up to our prior communication last month regarding MLR rebates, we have received many phone calls about how rebates should be allocated between the employer and employees. As a result of our research and conversations with government officials, we have arrived at two conclusions:

1. The first is that in many cases ex-employee participants do not need to receive a rebate check.
2. The second is that in most cases the rebate checks should be allocated between employers and employees on a percentage basis.

Using the preceding as a basis for our calculations, we have included the following spreadsheet designed to calculate rebate amounts for employees. The spreadsheet is meant to serve as a basis for the calculations. It may need to be modified to address individual circumstances.

Finally, the easiest way to provide the rebate to employees would be to decrease their current withholding by the amount of their rebate. Please let me know if you have any further questions or need additional assistance concerning this matter.

Regards,

Richard H. Miller, Jr., CPA, CFP

| Line Number | | | | | |
|-------------|--------------------------------------|----------------------------|----------|---------------|-------------------|
| 1 | Insurance Premiums for 2011 | | | | \$250,000 |
| 2 | Employee Contributions for 2011 | | | | \$37,000 |
| 3 | Line 2 Divided by Line 1 | | | 15% | |
| 4 | Rebate Check | | | | \$14,000 |
| 5 | Employee Share (Line 3 times Line 4) | | | | \$2,072 |
| 6 | Employee Rebate Allocation | 7/15/12 Withholding | % | Rebate | Allocation |
| | Employee 1 | \$100 | 5% | 2072 | \$94.18 |
| | Employee 2 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 3 | \$200 | 9% | 2072 | \$188.36 |
| | Employee 4 | \$200 | 9% | 2072 | \$188.36 |
| | Employee 5 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 6 | \$100 | 5% | 2072 | \$94.18 |
| | Employee 7 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 8 | \$200 | 9% | 2072 | \$188.36 |
| | Employee 9 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 10 | \$100 | 5% | 2072 | \$94.18 |
| | Employee 11 | \$100 | 5% | 2072 | \$94.18 |
| | Employee 12 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 13 | \$200 | 9% | 2072 | \$188.36 |
| | Employee 14 | \$150 | 7% | 2072 | \$141.27 |
| | Employee 15 | \$100 | 5% | 2072 | \$94.18 |
| | | \$2,200 | 100% | | \$2,072.00 |

Items in blue are calculated amounts

The Harrison Group, Inc.

Please note that the preceding is not intended to be exhaustive nor should any discussion or opinions be construed as legal or tax advice. Readers should contact their legal counsel for legal advice.

Contact Us

For More Information Contact:
Rich Miller, President
Telephone: 610.853.9075
Toll Free: 855.222.5727
Fax: 610.853.9079
Email: rmiller@theharrisongrouponline.com
Online: www.theharrisongrouponline.com

Click the 'Forward this email' box below to share this information with your clients & colleagues now...

