

## Benefit Alert

The Joint Tax Committee of Congress issued in January recommendations for tax savings that if acted upon will have a significant impact upon cafeteria plans and certain other tax-favored accounts.

The study, conducted at the request of the Senate Finance Committee, provides that the government could raise \$400 billion over the next decade by simplifying the tax rules and by eliminating some tax breaks and tightening the rules on others. **It is projected that the imposition of Social Security and Medicare taxes on cafeteria plans would alone raise approximately \$164 billion.** The revenue-raising recommendations are expected to gain traction.

Through one of our major trade associations in Washington, the Employers Council on Flexible Compensation ("ECFC"), FBMC is aggressively monitoring this development, and is vehemently objecting to any proposed tax changes to these accounts. No legislation has been filed at this time, but we wanted you to be aware of the situation, at the earliest time possible.

If we at FBMC can provide you any information or in the alternative, if you wish to participate in a grass roots battle with the government if this becomes a real possibility, please do not hesitate to let us know. Please be assured we will keep you advised as events unfurl.

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