Benefits compliance 101 for accounting professionals

You won't need to memorize the tax code to help your small business clients stay compliant with benefits rules. When a business decides to offer perks like health insurance or a 401(k), it triggers a handful of federal and state regulations.

Here's a breakdown of the rules to keep in mind as you help your clients set up benefits programs.

Affordable Care Act (ACA): The ACA requires employers with 50 or more full-time equivalent employees to provide affordable health insurance to their employees and file Forms 1094-C and 1095-C.

Employee Retirement Income Security Act (ERISA): ERISA protects employees' retirement and health plans. Employers must provide summary plan descriptions to their staff and maintain strict fiduciary standards.

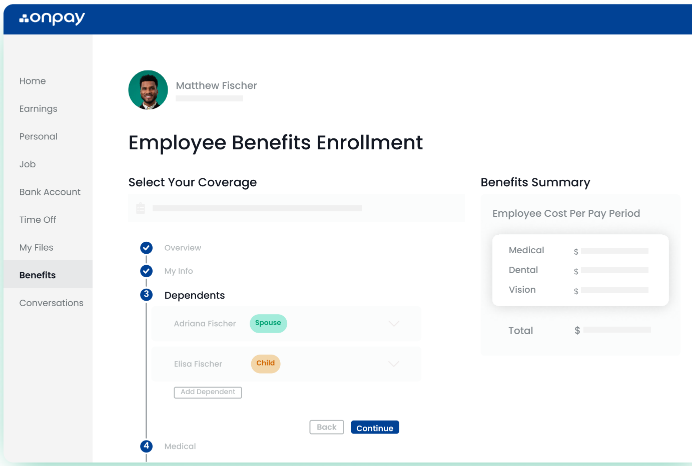
COBRA: Employers with 20 or more employees must offer a continuation of health coverage when an employee leaves. However, many smaller businesses are also subject to state-specific "mini-COBRA" continuation laws.

Health Insurance Portability and Accountability Act (HIPAA): This law strictly protects employee health information. Employers cannot use health data to make employment decisions and must actively safeguard all protected health information.

Pre-tax IRS requirements: Employers offering pre-tax benefits must meet specific IRS rules, such as maintaining Section 125 cafeteria plan documents and following group participation standards.

We're here to help

Benefits compliance shouldn't hold your clients back. When you need a hand, our licensed advisors are standing by to guide the conversation. Schedule a time



Good to know: State-specific mandates

While federal laws apply across the board, some compliance requirements depend on where your client's employees actually live and work. Here are a few state-level mandates to keep on your radar:

- **State disability insurance:** Did you know that a handful of US states require employers to provide short-term disability insurance? These are California, Hawaii, New Jersey, Rhode Island, and New York.
- **Workers' compensation:** While not a traditional employee perk, workers' comp coverage is required in almost every state, making it something your clients should definitely be aware of. And even though Texas and South Dakota don't require it, getting a policy is still highly recommended.
- **State retirement mandates:** Nearly two dozen states now require employers to either offer their employees access to a retirement savings program or enroll them in a state-sponsored plan. And with a number of other states actively developing similar legislation, it's a compliance trend worth watching — and a great conversation starter to have with your clients.

Reviewed by:
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How OnPay makes compliance easier

Navigating these rules can be a heavy lift for a small business owner. Because our payroll and benefits live in one system, employee deductions sync automatically with every pay run. There's no double-data entry and no end-of-month reconciliation headaches. And if your clients have questions about plan compliance, our in-house, licensed brokers are just a phone call away. Ready to make benefits easier for your clients? Our team is here to help!

More Resources

Affordable Care Act (ACA)
IRS.gov - ACA Information for Employers

ERISA
DOL.gov - ERISA Guidance

COBRA
DOL.gov - COBRA Continuation Coverage

HIPAA
CDC.gov - HIPAA Basics

Pre-tax IRS requirements
IRS Publication 15-B (Fringe Benefits)

State disability insurance
OnPay - SDI Tax Rates by State

Workers' compensation
OnPay - Workers' Comp Requirements by State

State retirement mandates
OnPay - State-Mandated Retirement Plans