

Non-Discrimination Testing with PAYPROtpa

What is NDT?

Non-discrimination testing (NDT) shows whether or not your employers' tax-advantaged cafeteria plans are discriminating in favor of highly compensated and/or key employees.



› Why is it required?

The IRS requires employers who offer pre-tax benefits to employees to provide them in a way that does not favor highly compensated individuals or those who are otherwise key to the business.

› Who needs to perform testing?

Any employer who offers plans that allow employees to contribute pre-tax income to a benefit account, such as for insurance premiums under a Premium Only Plan (POP) and a Flexible Spending Account (FSA).

Testing is also required for Health Reimbursement Arrangements (HRAs) and Self-Insured Medical Plans (SIMPs) though they aren't part of Section 125.



Did You Know?

Failure to comply puts your employers at risk of IRS penalties.

NDT with PAYPROtpa is available with all Flex Plans

Cafeteria Plan	Medical FSA	Dependent Care	Health Reimbursement Arrangement	Self-Insured Medical
25% Key Employee Concentration Test Eligibility Test - Safe Harbor Percentage Test Contributions and Benefits Test - Availability Test - Utilization Test	Health FSA Eligibility Test 70% Test 70%/80% Test - Safe Harbor Percentage Test	More than 5% Owners Concentration Test 55% Average Benefits Test Eligibility Test Safe Harbor Percentage Test	HRA Eligibility Test 70% Test 70%/80% Test - Safe Harbor Percentage Test	Self-Insured Medical Plan Eligibility Test 70% Test 70%/80% Test - Safe Harbor Percentage Test
Subjective Questions - Eligibility - Reasonable Classification	Subjective Questions - Reasonable Classification - Benefits Test	Subjective Questions - Reasonable Classification - Contributions and Benefits Test	Subjective Questions - Reasonable Classification - Benefits Test	Subjective Questions - Reasonable Classification - Benefits Test



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