



## HRA Nondiscrimination Test Information Request

### Instructions:

1. Email the completed questionnaire to [NDT@naviabenefits.com](mailto:NDT@naviabenefits.com)
2. In the subject line of the email list the company name and the current plan year.
3. If you have any questions, please contact [NDT@naviabenefits.com](mailto:NDT@naviabenefits.com).

All plans must be tested annually—there are no exceptions (government plans are not exempt, small plans are not exempt, church plans are not exempt, no plan is exempt).

Please check the box below and email **only** this cover page to Navia Benefit Solutions, if you **do not** want to have Navia Benefit Solutions complete your nondiscrimination test.

Company Name \_\_\_\_\_

Contact Name \_\_\_\_\_

We understand that testing is required by the IRS and that there may be consequences if our plan is not in compliance; however, we decline testing from Navia Benefit Solutions at this time.

Please note, Navia provides free NDT testing through our online portal. Online employer portal tests can be run as many times as necessary, at any time, free of charge. This document facilitates manual tests, and manual tests are subject to a \$300 Fee for active Navia clients who have access to the online portal. These manual tests require additional time and staff to process. Additionally, manual tests are also subject to surge pricing of \$100. Surge pricing only applies to manual PDF tests received after December 5th (for a December 31st Plan Year end date). **If you prefer to avoid these fees, please use the [online version of the test on our employer portal](#).** If you are a nondiscrimination testing only client Navia's fee is \$600 and you will need to complete this form.

Thank you,

Navia Benefit Solutions

## DEFINITIONS

### Definition of Compensation

For purposes of determining whether an employee is an HCE under Code §414(q), "compensation" is generally gross wages the employee's earned from the employer as determined under Code §415(c)(3).

### HIGHLY COMPENSATED EMPLOYEE

Whether an individual is a Highly Compensated Employee depends on their status during the prior Plan Year (or the current year in the case of the first year of employment).

- An Officer; or
- An owner owning more than 5% of the Employer, voting power, or value of all classes of stock; or
- An Employee who earned in excess of, \$130,000 in the 2020 or 2021 Plan Years (if testing 2021 or 2022 plan years, amount remained unchanged for both years); or
- A spouse or dependent of an individual described above that works for the same Employer.

### OFFICERS

Generally, an "officer" means an administrative executive who is in regular and continued service, and it implies a continuity of service, exclusive of those employed for a special or single transaction. Also, an employee with the title of officer, but not the authority of an officer, is not considered to be an officer. For example, many financial institutions give the title "assistant vice president" to persons who often have no real administrative authority—despite the title, they may not qualify as "officers" for Code §125 purposes. Similarly, an employee who does not have the title of an officer, but who has the authority of an officer, is an officer. Sole proprietorships, partnerships, and associations, among other unincorporated entities, may have officers.

### COMPANY OWNERSHIP + POTENTIALLY INELIGIBLE INDIVIDUALS

**C Corp Owners and LLCs Filing as a C Corp** – Owners may participate in the HRA. Owners' family members working for the same employer may also participate.

**S Corp Owners and LLCs Filing as an S Corp** – More than 2% owners', owners' spouse, parents, children, and grandchildren (working for the same employer) cannot participate in the HRA.

**Partnerships, LLP, and Sole Proprietor (Including an LLC Filing as such)** - Owners cannot participate in the HRA. However, owners' family members working for the same employer may participate.

In the event ineligible individuals are participating in the plan please promptly remove them, include in income the amount pre-tax benefits received, and do not consider them for any of the questions below.

## Nondiscrimination Test Questionnaire

COMPANY NAME \_\_\_\_\_

CONTACT NAME \_\_\_\_\_

EMAIL \_\_\_\_\_

PHONE \_\_\_\_\_

DATE COMPLETED \_\_\_\_\_


PLAN YEAR BEING TESTED \_\_\_\_\_  
(MM/DD/YYYY – MM/DD/YYYY)

### HEALTH REIMBURSEMENT ACCOUNT (SECTION 105)

- 1) Eligibility Test
- 2) Benefits Test

### ELIGIBILITY TEST FOR THE HRA

1. Are 70% or more of all employees eligible for the HRA?

YES - If Yes,  and go to question 8  NO

2. Are 80% of all eligible employees actually enrolled in the HRA?

YES  NO

3. If a class of employees is excluded from participating please describe this class (hourly, part-time, etc.)

\_\_\_\_\_  
\_\_\_\_\_

- 4. Number of non-HCEs eligible for the HRA \_\_\_\_\_
- 5. Total number of non-HCEs \_\_\_\_\_
- 6. Number of HCEs eligible for the HRA \_\_\_\_\_
- 7. Total number of HCEs \_\_\_\_\_

**BENEFITS TEST FOR THE HRA**

8. Do employer contributions vary based on age, years of service, or compensation? Mark "SF HRA" if the HRA was implemented to comply with the San Francisco Health Care Security Ordinance.

YES       NO       SF HRA

9. Does the maximum benefit level received vary based on age, years of service, or compensation?

YES       NO

10. Are the same types of benefits (reimbursable expenses) provided to HCEs provided to all other participants?

YES       NO

11. Does the plan have disparate waiting periods? (e.g. salaried enroll after 30 days, hourly after 60 days)

YES       NO

**END OF TEST**