

# TAX-FREE REIMBURSEMENTS

## Non-taxable Forms of Compensation for Employees

Incorporating non-taxable benefits into your nanny's compensation package is a financially prudent way to maximize the take-home pay value. Below is a list of the most common tax-free "fringe" benefits you can build into your compensation package.

### THE IRS-APPROVED BENEFITS FOR HOUSEHOLDS ARE:

1. **Qualifying Healthcare Benefit:** Families with only one employee can pay for any amount up to the employee's total out-of-pocket cost toward a health insurance plan that covers the employee and their immediate family members. The contributions can be made either directly to the insurance company or via a reimbursement to the employee.

*Note: Families with 2+ employees must set up a Health Reimbursement Arrangement (HRA) in order to provide this non-taxable benefit. Please contact our office for more information regarding setting up an HRA.*

2. **Education Assistance:** Up to \$5,250 per year towards tuition & books, and now student loan repayment, for an accredited college or university.
3. **Public Transportation:** Up to \$280 per month toward public transportation to and from the worksite.  
**Note:** Families in Massachusetts are only able to provide \$150 per month toward this benefit.
4. **Parking:** Up to \$280 per month towards parking at the job-site and/or at the public transportation facility.
5. **Cell Phone Service/Plan:** Up to the total cost of the individual's phone and/or plan. Only eligible if being reachable by phone during the workday is a requirement of the job.

Strategically-structured payroll can save you and your employee a considerable amount of money each year. We're happy to help you budget for your caregiver's payroll by including any of these forms of non-taxable compensation. Give us a call and we'll work through the details together.



If you have any additional questions, [visit our website](#) or call for a free consultation at 877-367-1969. We're here to help!