10 Red Flags.

How to tell a real payroll-tax structure from the gimmicks that got shut down. Use this sheet on any program you've been pitched.

01 Reimbursement runs through §125

WHY IT FAILS
The IRS calls it double-dipping. The reimbursement becomes taxable.

PROFITGUARD PLUS
Reimbursement flows through SIMRP under §1.105-11 — never the cafeteria plan.

02 Rewards activities, not care

WHY IT FAILS
Step counts, gym memberships — the exact pattern IRS memos targeted.

PROFITGUARD PLUS
Delivers §213(d) qualified preventative care — telehealth, mental health, navigation.

03 No written plan document

WHY IT FAILS
ERISA requires written plan docs. Without one, nothing survives audit.

PROFITGUARD PLUS
SIMRP doc + §125 doc + PCMP doc — written and ERISA-counsel reviewed.

04 Reimburses cash or non-medical

WHY IT FAILS
Gift cards, cash incentives, gym fees — none are §213(d) qualified.

PROFITGUARD PLUS
Nothing non-medical reimbursed. The structure depends on staying inside §213(d).

05 Promoter claims outrun the math

WHY IT FAILS
$1,000+/employee/month pitches almost always trace back to a structural flaw.

PROFITGUARD PLUS
Conservative numbers ($500–$600/employee/yr). Mock payroll shown up front.

06 Not integrated with major medical

WHY IT FAILS
ACA §4980D imposes severe penalties on standalone employer reimbursement plans.

PROFITGUARD PLUS
Integrated 105 design — participants already have major medical. ACA-compliant.

07 Pitch can't explain the flow

WHY IT FAILS
If they can't walk you through §1.105-11, the plan probably doesn't run on it.

PROFITGUARD PLUS
Documented end-to-end: §125 election □ §213(d) care □ SIMRP reimbursement.

08 No CPA or ERISA review

WHY IT FAILS
Plans without independent legal review tend to fall apart under examination.

PROFITGUARD PLUS
CPA + ERISA-counsel review documented before any plan goes live.

09 No mock payroll math before signing

WHY IT FAILS
If they won't show the math on your roster, the math doesn't survive the math.

PROFITGUARD PLUS
Mock payroll modeled on your headcount, salaries, and cadence — before funding.

10 Promoter benefits more than employer

WHY IT FAILS
Commission-loaded structures bend the program to favor the promoter, not math.

PROFITGUARD PLUS
Coordination work wraps into the plan structure — disclosed, not hidden in fees.

THE BOTTOM LINE

Bottom line: if a payroll-tax program can't cite the four code sections, can't show you written plan documents, and can't run mock payroll math on your actual roster — walk away. ProfitGuard Plus is built on the inverse of every red flag above.

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