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# ICHRAs: The New Health Care Benefit for Advisors to Learn in 2024

The health benefit offers reduced costs and fiduciary liability for employers



by [Amanda Umpierrez](#) · February 5, 2024 · ⌚ 2 minute read



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If you've never heard of individual coverage health reimbursement accounts (ICHRA), it's likely you'll start to in 2024.

The topic was one that had the crowd rolling during a session at a Viking Cove Institute's Industry Leaders Summit on Saturday, where panelists touched on the reimbursement account's soon-to-be popularity among small business employers wanting to cut down on expenses.

Enacted during the Trump Administration, ICHRAs put the onus on employees to find individual health care coverage. With this benefit, employers provide a tax-free monthly allowance for their employees to utilize on health care coverage or other medical costs.

The way it works is that an employee would submit an incurred medical expense to their employer, and the employer would then reimburse them on the charge. While the employer would still be responsible for administration expenses, they save on expenses by defining the plan's budget themselves, along with other tax-advantage opportunities.

“Right now, the primary driver is just pure expense,” said Thomas Clark, chief operating officer and partner at the Wagner Law Group. “High single digit, low double-digit increases, every year, year-over-year, just kills [plan sponsors].”

Employers also removes their chances of litigation, as offering an ICHRA relieves them of their status as a health care fiduciary.

On the employee side, instead of spending more on health care, supporters of the benefit say participants can use that money to allocate towards an emergency savings account, a 529, or retirement planning.

The emergence of the benefit presents an opportunity for advisors to educate their plan sponsor clients on the tool, as more retirement plan advisors offer holistic services that span past long-term savings benefits.

However, advisors will first have to expand their knowledge on the individualized health plan benefit and on health care plans in general, especially considering the current absence of transparency in the health care industry.

“There is a significant learning curve on health care that is not necessarily there for retirement,” added Clark. “There is so much more lack of transparency, that even for our advisor community who knows retirement, it’s just a new form of language.”

As more plan sponsors look to their advisors for guidance outside of retirement planning, Strategic Retirement Partner’s Jeff Cullen acknowledged that learning about the health care industry will not only set advisors apart from their competitors but may also solidify a client’s devotion to them.

“If a retirement plan advisor can bring transparency to the healthcare system like they do in retirement, then [the employer] will be indebted to you for life,” he said.

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Amanda Umpierrez is the Managing Editor of 401(k) Specialist magazine. She is a financial services reporter with over six years of experience and a passion for telling stories and reporting news. Amanda received her degree in journalism and government and politics at St. John's University. She is originally from Queens, New York, but now resides in Denver, Colorado with her partner. In her free time, Amanda enjoys running, cooking, and watching the latest drama show.

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