Premium-Only Plan Quick Reference Guide

MAKE YOUR PLAN BENEFITS POP!

Looking for a practical way to make your benefits more affordable? A Premium-Only Plan (POP) is a great place to start!

HOW DOES IT WORK?

By participating in your employer's POP, you can choose qualified insurance coverage and pay for the premiums with pre-tax dollars. This amount is subtracted from your gross earnings before taxes are taken out, meaning you benefit from the savings of a lower taxable income!

ADVANTAGES OF A POP, AT A GLANCE:

- Your benefits are more affordable
- Your spendable income increases
- You pay less in taxes

ONCE ENROLLED, CAN I MAKE A CHANGE?

You may make a change in your election only at the beginning of the plan year, or during the plan year if you experience a change in status (as per IRS Section 125 plan regulations).

A change in status has occurred if the event is recognized under the final permitted election change regulations. These include:

- Change in legal marital status
- Change in number of dependents
- Change in employment status, if it affects eligibility
- Dependent satisfies (or ceases to satisfy) dependent eligibility requirements
- Change in residence, if it affects eligibility
- A reduction of working hours (less than 30 per week)
- Enrollment in Marketplace coverage (either during the Marketplace's annual open enrollment or during a special enrollment period)
- Commencement or termination of adoption proceedings
- Cost or coverage changes under any plan that the employee, spouse, or dependents are covered under
- Other laws or court orders (COBRA Qualifying Events, Judgments, Decrees, Orders, Medicare or Medicaid Entitlement, or FMLA Leaves of Absence)

Without a Premium-Only Plan

Monthly Compensation	$	2,000
Flexible Benefits Purchased		N/A
Taxable Salary	$	2,000
Federal Income Tax (20%)	$	400
State Income Tax (3%)	$	60
Social Security Tax (7.65%)	$	153
Salary After Taxes	$	1,387
After-Tax Expenses	$	200
Net Take-Home Pay	$	1,187

With a Premium-Only Plan

Monthly Compensation	$	2,000
Flexible Benefits Purchased	$	200
Taxable Salary	$	1,800
Federal Income Tax (20%)	$	360
State Income Tax (3%)	$	54
Social Security Tax (7.65%)	$	138
Salary After Taxes	$	1,248
After-Tax Expenses		N/A
Net Take-Home Pay	$	1,248

Net Savings with the flex plan is $61 ($1,248 vs. $1,187)

The employee's election change must be consistent with the status change event. The change is consistent with the event for accident or health coverage if the following occurs:

- The employee, spouse, or dependent is gaining or losing eligibility for health coverage
- The election change corresponds with that gain or loss of coverage

WILL PRETAXING HAVE AN IMPACT ON SOCIAL SECURITY BENEFITS?

Social Security benefits are calculated by averaging an individual's 35 best income-earning years. Salary reductions may reduce an employee's covered earnings, thus potentially reducing Social Security benefits. The government uses a formula to calculate these benefits that is subject to change. Any reduction in your taxable pay may also lead to a reduction in your Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

ameriflex