



## A cost-effective alternative to help employees save on insurance premiums

Under Section 125, a **Premium Only Plan (POP)** allows employer-sponsored insurance premiums to be paid by the employee on a **pre-tax basis**. The result is tax savings for you and your employees!

For employers who do not want to offer a Full Flexible Spending Account (FSA) Plan, but want to offer a tax savings benefit for their employees, a Premium Only Plan is the solution.

### Paychecks Increase with a POP

Implementation of your POP will require a change in the way you calculate payroll taxes. Your POP will affect employees who currently have eligible premiums deducted from their payroll (after-tax) and now elect to participate in the POP (pre-tax).

Section 125 states that the gross salary must be reduced by the insurance premiums that are being funded through the payroll deduction, therefore, taxes will go down and the employee's paycheck will increase.

#### Eligible Premiums Under a POP

- Group Medical and Dental
- Vision
- Disability
- Group Term Life Insurance
- and other eligible coverage

#### Benefits & Features for Participants

- Use pre-tax dollars to pay their share of group insurance premiums
- Reduced income taxes and increased take-home pay

#### FlexSystem POP Deliverables

- Administration manual
- Non-discrimination assessment
- Toll-free technical support
- 30-day money back guarantee
- Plan Document and Summary Plan Description

**Save 7.65% FICA taxes on each dollar pre-taxed through a POP!**



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