

WHY DO CLIENTS LOVE TAX FREE PREMIUMS?

Tax Free Premiums



www.TaxFreePremiums.com
1-877-366-8702

PREMIUM ONLY PLAN ADVANTAGES

Benefits employees as well as employers

Employees can immediately increase their take-home pay and realize significant tax savings by participating in a Section 125 Premium Only Plan (POP), often referred to as a Cafeteria Plan. With a POP, employees' health insurance premium contributions and out-of-pocket medical expenses are automatically deducted from their paychecks before income taxes are taken out. This in turn reduces their taxable income, which lowers their taxes and increases their take-home pay. POP employer advantages include lower payroll taxes, meaning more company funds can be used for other business needs.

See how an employee with a monthly gross salary of \$3,200 benefits from participating in a Tax Free Premiums POP. Of note, deducting her POP contributions before her income taxes are calculated moves this employee into a lower tax bracket!

FOR EMPLOYEES

	With POP	Without POP
Monthly gross pay	\$3,200	\$3,200
Pre-tax health insurance premium contribution	500	0
Taxable monthly income	2,700	3,200
Applicable income taxes	783*	928*
After-tax insurance premium cost	0	500
Net spendable income	1,917	1,772
Increase in monthly spendable income	145	–
Increase in annual spendable income	\$1,740	–

FOR EMPLOYERS

Average employee premium pre-tax contribution	\$3,000
Number of employees	x 20
Total employee annual contributions	\$60,000
FICA factor (Medicare and Social Security)	x .0765
Estimated annual employer FICA savings	\$4,590

How a Premium Only Plan works

A POP is a simple, IRS-approved change in your payroll process that allows you to use pre-tax salary dollars to pay your employees share of benefit premiums. Any size employer can take advantage of this special provision of Section 125 of the IRS code.

Automatic compliance

Many states legally require employers to sponsor a POP if their employees pay any portion of their health insurance premiums. However, it is common for companies to misplace their POP documentation, or they may have a POP document on file but it is out of date.

Often companies fail to realize the need for this document even though they are currently deducting their employees premiums pre-tax. In the event of an audit, this could lead to expensive fines and legal fees. Tax Free Premiums makes it very easy to reinstate an existing POP, or create a completely new one. With our automated and real-time updates, companies can be in compliance in less than five minutes. And ongoing monitoring by our specialized legal team ensures that changes needed for a company to remain in compliance are done automatically—we make it easy to stay in compliance.



GETTING STARTED IT'S FAST AND EASY!

Creating a POP document for your company is as easy as 1, 2, 3!

1

Visit www.TaxFreePremiums.com set up your account, and create your document.

2

Pay the annual fee of only \$99, which covers the cost of the initial document as well as any necessary updates for one calendar year.

3

Renew annually and rest easy knowing that your Premium Only Plan document will always be in compliance.

Maximum convenience

Employers can access their plan documents online at any time. Company-specific changes simply require an update to your profile and legislative updates are done automatically. We notify companies by e-mail as changes occur. With our secure Web-based system, updates are delivered in just seconds. The days of filling out lengthy forms and waiting days or weeks to receive federally mandated documents are over!

Cost-effective

While most companies charge a fee of \$100–\$300 to make one change to a POP, Tax Free Premiums offers employers unlimited access and changes to their plans for only \$99 a year. Again this low annual fee includes all amendments and updates.

Step-by-step compliance

At Tax Free Premiums we understand that creating your POP is only the first step, which is why we've created a simple, easy-to-follow checklist to ensure you set up your plan correctly. We provide all the materials you'll need to implement your plan. Let us help you get your company in complete compliance!

www.TaxFreePremiums.com

CHECKLIST FOR SECTION 125 Premium Only Plan	
<input type="checkbox"/>	Complete Section 125 Premium Only Plan Document (www.taxfreepremiums.com . (N/A) as of restated date, eligibility provisions)
<input checked="" type="checkbox"/>	Summary Plan Description, Automatic Enrollment Form, and Unanimous Consent Form
<input type="checkbox"/>	



WITH TAX FREE
PREMIUMS
EVERYONE
SAVES!

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