



## Who is a POP for?

The ideal candidate for a POP is:

- Employer that sponsors a group underwritten plan.
- Employees must pay a portion of the premium.

## What are the benefits?

### Benefit to Employer:

- **Financial Benefits.** The employer saves the FICA tax match on any premium that is withheld pre-tax from the employee's paycheck. If only a few employees choose to take advantage of the ability to pay health insurance premiums with pre-tax dollars, the employer can still realize a net financial gain.
- **Easy and Inexpensive to Set Up.** Employers are able to add value and savings to their benefit package with one quick payroll adjustment. The POP is an effective way for business owners to allow employees to pay for employer sponsored group health care by utilizing pre-tax dollars.

### Benefit to Employee:

- **Increased Take-Home Pay.** Participating employees benefit from the ability to pay their share of employer-sponsored benefit premiums, including health, dental, and vision supplemental, with pre-tax dollars through salary reduction. This saves employees Federal, State and FICA taxes.
- **Affordable Health Care.** Depending on an employee's family income, the amount of money that individuals can save by paying for health insurance this way is between 25 to 50% of their total insurance premium. Ultimately this benefit provides a tax savings, while also helping to defray the cost of insurance premiums.

## Premium Only Plan (POP)

Premium Only Plan (POP) is the optimal solution for employers who want to provide employees with an affordable way to pay for their group health plans. The POP allows for employees to pay for a variety of employer-sponsored benefits, such as health, dental, vision and supplemental insurance premiums with pre-tax dollars, ultimately reducing taxable compensation.

## BASE<sup>®</sup> 125 POP Savings Example

### EMPLOYEE SAVINGS

	Without POP	With POP
Annual Income	\$32,000.00	\$32,000.00
Employee pre-tax premium contributions	- \$0.00	- \$3,000.00
Taxable Income	\$32,000.00	\$29,000.00
Federal, State, & FICA Taxes*	- \$8,848.00	- \$8,019.00
Annual after-tax premium contributions	- \$3,000.00	- \$0.00
Net take-home pay	\$20,152.00	\$20,981.00
Employee Savings	\$0.00	\$829.00

Based on a single employee with insurance premiums of \$250 per month

\*Tax rates based upon current averages

### EMPLOYER SAVINGS

	Without POP	With POP
Annual Payroll	\$320,000.00	\$320,000.00
Employee pre-tax premium contributions	- \$0.00	- \$30,000.00
Taxable Payroll	\$320,000.00	\$290,000.00
FICA Taxes*	x 7.65%	x 7.65%
Annual FICA Tax	\$24,480.00	\$22,185.00
Employer Savings	\$0.00	\$2,295.00

Based on 10 employees with insurance premiums of \$250 per month

\*Tax rates based upon current averages