

## DID YOU KNOW?

One simple change can save you and your employees on taxes. Section 125 of the IRS Code, allows payroll deducted, employee paid insurance to be taken out before taxes. Employees will save an average of **30%** on insurance premiums they deduct from their pay. **YOU**, as the employer, will also **save** about **7.65%** (the FICA match) on every dollar your employees deduct.

Here is an example of how an employee and your business can save money on taxes by implementing a Premium Only Plan (POP).

### POP increases employee take-home pay

JOHN DOE	WITHOUT POP	WITH POP
Annual salary	\$30,000	\$30,000
Annual pre-tax insurance payroll deductions	0	- \$2,400
<b>Taxable salary</b>	\$30,000	\$27,600
Estimated taxes (federal, FICA and state)	- \$9,195	- \$8,460
Annual after-tax insurance payroll deductions	- \$2,400	0
Take-home pay	\$18,405	\$19,140
<b>Increase in take-home pay</b>	0	\$735

### POP reduces employer payroll taxes

JOHN DOE	WITHOUT POP	WITH POP
Annual payroll (10 employees)	\$300,000	\$300,000
Annual pre-tax insurance payroll deductions	0	- \$24,000
<b>Taxable payroll</b>	\$300,000	\$276,000
Annual Social Security tax (7.65% employer FICA match)	\$22,950	\$21,114
<b>Your annual Social Security tax savings</b>	0	\$1,836

### Calculate the tax savings you can realize with POP

EMPLOYER TAX SAVINGS WORKSHEET	YOUR SAVINGS
Your total monthly employee premium contributions	\$
Multiply by FICA tax rate of 7.65%	x .0765
<b>This is your monthly FICA tax savings</b>	\$
Multiply by 12 months	x 12
<b>This is your annual tax savings with POP</b>	\$

**Easy to implement | Offer benefits at minimal or no cost | Plans are voluntary**