

Premium Only Plans Tax-Savings Examples

Example of Employer Savings		
ABC Company has 10 employees	Without POP	With POP
Annual payroll	\$350,000	\$350,000
Annual pre-tax payroll deduction*	\$0	\$30,000
Taxable payroll	\$350,000	\$320,000
Annual social security tax**	\$26,775	\$24,480
Total annual employer social security tax savings	\$0	\$2,295
Example of Employee Savings		
Joe Doe: Single, No Exemptions	Without POP	With POP
Annual salary	\$35,000	\$35,000
Annual pre-tax contributions	\$0	-\$3,000
Taxable income	\$35,000	\$32,000
Estimated taxes (30.65%)***	\$10,729	\$9,808
Net take-home pay	\$21,272	\$22,192
Increase in take-home pay	\$0	\$920

* Annual pre-tax payroll deductions: Based on insurance premiums averaging \$250 per month per employee.

** Annual social security tax: Based on tax rate of 7.65%. Annual pre-tax contributions: Based on a monthly premium of \$250.

*** Estimated taxes (30.65%): Based on an average 20% federal, 7.65% FICA, and 3% state tax rates.

Premium Only Plans (POP) Employee Tax Savings Example

Without POP	
Average Monthly Salary	\$2,000
Less Estimated Federal Tax (20%)	-\$400
Less Estimated FICA (7.65%)	-\$153
Less Medical Premium	-\$150
Less Disability Premium	-\$25
Less Other Supplemental Premium	-\$25
Net Take Home Pay	\$1,247
Less Out-of-Pocket Flex Expenses	-\$50
Spendable Income	\$1,197

With POP	
Average Monthly Salary	\$2,000
Less Medical Premium	-\$150
Less Disability Premium	-\$25
Less Other Supplemental Premium	-\$25
Less Out-of-Pocket Flex Expenses	-\$50
Taxable Income	\$1,750
Less Estimated Federal Tax (20%)	-\$350
Less Estimated FICA (7.65%)	-\$133
Spendable Income	\$1,267