

What is a Premium Only Plan? A Premium Only Plan allows you to pay your part of the health insurance premium pre-tax, which means you can save money by signing the next form and giving us authorization to deduct your health premiums pre-tax. Note that is you decline, you will be paying health premiums after tax, and will be paying 20-40% more.

Here is some more information:

Section 125 Cafeteria Plan - Premium Only Plan

What is Section 125?

The US Congress created Code section 125 in an effort to make benefit programs more affordable for employees.

Section 125 is part of the IRS Code that allows employees to convert a taxable cash benefit (salary) into non-taxable benefits. Under a Section 125 program you may choose to pay for qualified benefit premiums *before* any taxes are deducted from employee paychecks.

The Section 125 program is a tremendous opportunity for you to enhance your benefits package.

The **Premium Only Plan** is the building block of the Section 125 Plan. It allows for certain employee paid group insurance premiums to be paid with *pre-tax dollars*. The qualified premiums (if offered by employer) are:

- Health
- Prescription
- Dental
- Vision
- Disability
- Employee Group Term Life (up to \$ 50,000.00)
- Cancer
- Medicare Supplement
- Hospital Indemnity
- Accident

Employee Savings

Employees can save 20 - 40% of their payroll deductions. The savings are on city, state, and federal income taxes, including Social Security and Medicare.