



Premium Payment Plan

Save Money with Pre-Tax Premiums

Save money on your taxes – and take home more of your paycheck – by enrolling in your company’s Premium Payment Plan.

With a Premium Payment Plan, you pay for certain insurance premiums on a pre-tax basis. By having your insurance premiums deducted from your paycheck earnings *before* any taxes are taken out, you get a direct tax savings on your premium amount.

What Types of Premiums Qualify?

Health insurance premiums may be first on your list, but other types of insurance premiums can also be paid with this program. You must provide documentation of premiums if they are not automatically deducted from your paycheck. Any of the following premiums can be deducted on a pre-tax basis:

- Health insurance premiums
- Employee term life insurance
- Disability insurance
- Dental insurance
- Vision care insurance
- Accident insurance (excludes property and casualty)
- Cancer insurance
- Hospital indemnity coverage

Do Any Special Rules Apply?

In return for tax-saving advantages, the federal government has placed certain restrictions on your Premium Payment Plan. Most important, you may change the amount of your premium contribution only if you have a qualifying event or status change as described in your Summary Plan Description. Your Summary Plan Description also provides details on deduction limit amounts.

Sign Up and Start Saving Today!

Enroll in your company’s Premium Payment Plan today. You’ll save money on taxes – and take home more of what you earn each month.

How Much Can You Save?

Depending on your tax status, you can pay less in taxes and increase the amount of spendable money in your paycheck each month. Here’s how it works:

	Before Flexible Benefits Program	After Flexible Benefits Program
Gross Monthly Salary	\$2,000.00	\$2,000.00
Monthly Premium Payment Plan Deductions	<u> N/A </u>	- \$200.00
Taxable Income	\$2,000.00	\$1,800.00
Estimated Federal Taxes (15%)	- \$300.00	- \$270.00
Estimated FICA Taxes (7.65%)	- \$153.00	- \$137.70
Monthly Premium Deductions	- \$200.00	- \$200.00
Reimbursement From Premium Payment Plan	<u> N/A </u>	+ \$200.00
Net Monthly Income	\$1,347.00	\$1,392.30
Additional Monthly Take-Home Income		\$45.30
Annual Increase In Take-Home Income		\$543.60

In each case you earn the same \$2,000. But with your Premium Payment Plan, you take home \$45.30 more each month – for an annual take-home increase of \$543.60. Actual tax savings depend on your tax status.



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