



# Reduce employee taxes and your FICA with a Premium Only Plan

With a Premium Only Plan, your employees can use pretax payroll deductions to pay their share of insurance premiums or other qualified benefits you offer them. Eligible expenses include insurance premiums for medical, prescription, dental, and vision coverage. Other qualified benefits include cancer and hospital coverage.



## Savings for your organization

When your employees use a POP to pay their insurance premiums, your organization reduces its payroll tax liability. You'll save up to 7.65% on FICA taxes, including 6.2% for Social Security and 1.45% for Medicare. (Municipalities will save 1.45%).

## Savings for your employees

POP plan participants can reduce their taxable salary and save between 22% and 40%. The specific amount of savings depends on an employee's tax bracket and which state they live in.

## POP savings example

Here's how an organization with 30 employees could use a POP to help save money.

Insurance premiums		Employer savings: Employee savings:	
		7.65%	22%
Per employee monthly premium	\$200	\$15.30	\$44
Per employee annual premium	\$2,400	\$183.60	\$528
Companywide employee monthly premium	\$6,000	\$459	\$1,320
Companywide employee annual premium	\$72,000	\$5,508	\$15,840

Continued >

## Questions?

Contact us for quotes.

## Email

[PSASales@PacificSource.com](mailto:PSASales@PacificSource.com)

## Phone

**800-422-7038**

TTY: 711

We accept all relay calls. Ask for PSA sales.

[PacSrc.co/psa-quote](https://PacSrc.co/psa-quote)





## Getting started

Signing up is easy: simply return a POP Service Agreement with payment and we'll send the necessary materials



## What to expect

After receiving your sample enrollment materials, here are the next steps:

- ✓ Notify your employees that their share of premiums will be deducted from their paychecks on a pretax basis.
- ✓ Notify your payroll department or payroll vendor of the change. A tax advisor can assist in determining taxes if you process the payroll yourself.
- ✓ Administer open enrollment. (we'll provide example forms.)
- ✓ Receive an email from us within 30 days regarding nondiscrimination testing requirements.
- ✓ Receive a plan document and summary plan description from us within 45 days of payment or start of the plan year.
- ✓ Distribute the summary plan description to all employees.
- ✓ When it's time to renew, receive an email asking if you'd like us to continue administering your POP for another plan year.



## POP FAQ

### What does my organization get with a POP?

We'll give you the following information you need to implement a POP program.

- Sample letter for your employees
- Sample forms for enrollment, declination, and evergreen notices
- Model plan document
- Summary plan description for participants
- Annual nondiscrimination testing assistance, at no additional cost

### How much does a POP cost?

Your first year costs \$200 with an annual renewal fee of \$150. If your organization offers a PacificSource health plan, a \$50 discount will be applied to your first year cost.

### Does my organization need both an FSA and a POP?

No. We offer POPs for organizations that don't have a Flexible Spending Account (FSA). If your organization has an FSA plan, you don't need to add a separate POP. For more information about FSAs, contact us or visit [PacSrc.co/admin-services](https://PacSrc.co/admin-services).

### Who is eligible for a POP?

Only employees are eligible to participate in a POP. Self-employed individuals (partners, sole proprietors, and more-than-2% subchapter S shareholders) are ineligible for the income exclusion. Independent contractors are also not eligible. Your PSA representative will work with you to resolve any eligibility questions.

### Can an employee make changes to their POP during the plan year?

Yes, but only if an employee experiences a qualified change in status and the changes are allowed by your insurance carrier. Examples of qualifying events include marriage, divorce, birth, death, adoption, spouse changing employment, a job shift change for the employee or their spouse that directly affects their premium, or a change in premium and/or cost share.



## About us

We have a long history in insurance, employee benefit plan administration, and management services. We currently provide services for more than 2,150 organizations, primarily in the Northwest. PacificSource Administrators, Inc. has regional offices in Idaho, Montana, Oregon, and Washington.