

## Premium Only Plan (POP) Info

### **What Is A Premium Only Plan?**

An IRS Section 125 Premium Only Plan is also often referred to as a POP Plan. In a nutshell, it makes it possible for employees to use tax-free or pre-tax income to pay for qualified health insurance premiums. These pretax dollars are subtracted from your gross earnings before taxes are taken out, thus lowering your taxable income and increasing your take home pay.

With a Premium Only Plan:

- Your benefits are more affordable.
- Your spendable income increases.
- You pay less in taxes.

### **When Can I Enroll or Make a Change to my POP Enrollment?**

You may enroll or make a change in your election only at the beginning of each plan year. To make a change during the plan year, a change in status such marriage, divorce, birth of a child, the death of your spouse or a dependent, your spouse's ending or beginning employment, when you or your spouse switch from part-time to full-time employment or full-time to part-time, or when you or your spouse take an unpaid leave of absence which impacts your benefits. The change must be reported within 31 days and your election change must be consistent with the change in status.

### **How Will Pretaxing Impact My Social Security Benefits?**

The Social Security benefit is based on total wages accumulated during your lifetime, and the government has a formula it uses to calculate these benefits that is always subject to change. Any reduction in your taxable pay may also lead to a reduction in your Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.