

Premium Only Plan

Dear Employee,

Employee contributions for medical insurance premiums are deducted from your paycheck on a pre-tax basis as part of the IRS Section 125 cafeteria plan. This program is referred to by our district as a **Premium Only Plan (POP)**.

What does this mean to you? It means if you have any health premiums that are *not* paid through district contributions; they will be deducted from your gross pay pre-tax, before federal, state, and Social Security (FICA) taxes. Therefore, your salary dollars will stretch further.

Here are a few additional points you'll need to know about the **POP** Plan:

- Participation in the plan does NOT affect your current life and health plan benefits;
- Gross annual earnings will continue to be used to determine any future salary increase and/or 403b) or 457 contributions;
- Your annual tax withholding (W-2) statements will reflect your reduced taxable income;
- Your Social Security benefits may be slightly reduced as a result of your election.

Due to the favorable tax advantages, all employees with benefit cost contributions will save money by participating in this pre-tax Plan, however, participation is voluntary. **If you would like to decline participation in the Premium Only Plan, you may do so at the beginning of each fiscal year during “Open Enrollment”, by completing the attached form.**

Please note, if we do not receive a signed “Declination Application/Agreement”, your employee benefit contributions will continue to be deducted on a pre-tax basis. Participation in this Plan will continue each fiscal year until you complete a form. You can access this form through the district intranet, or contact Risk Management at x7570.

If you chose **NOT TO PARTICIPATE**, complete the attached form and return it in a sealed envelope addressed to Risk Management/Benefits by June 6th, 2012.

**Premium Only Plan
(POP)
Declination Application/Agreement**

To: Risk Management/Employee Benefits

From: (PLEASE PRINT)

Employee Name _____

Social Security # _____

Address: _____

City: _____ Zip _____

- I elect to NOT have my portion of my eligible insurance premiums paid on a pre-tax and pre-FICA (if applicable) basis. I understand that this could result in a loss of tax savings that otherwise would be available to me.

I have read the information provided to me pertaining the Premium Only Plan and I understand that if I do NOT return this form to my employer by May 30th, my contributions for my eligible insurance premiums will be deducted from my pay on a pre-tax basis.

Employee's Signature

Date