



Employers: Reduce Your Taxes

*On health care premiums
...with a new Cafeteria 125 Plan.*

This tax advantage plan

Allows employees to use pre-tax dollars to pay for certain benefits costs. And when you lower the taxable income of all participating employees, you may also reduce YOUR overall share of FICA and FUTA taxes.

Benefits for Your Employees

Per \$500,000 in payroll

Employer Savings Example

Without 125 PLAN		With 125 PLAN	
\$500,000	Annual Payroll	\$500,000	Annual Payroll
- 0	Employee Contribution (pre-tax)	- 30,000	Employee Contribution
\$500,000	Taxable Payroll	\$470,000	Taxable Payroll
x 7.65%	FICA	x 7.65%	Insurance Premiums
\$ 38,250	Employer Tax	\$ 35,955	Employer Tax

\$2,295 Employer FICA Tax Savings

This example is for illustration only. Your own personal tax situation may differ.

Good Employees are hard to find and even harder to keep. It is a well-known fact that employee benefits are often the deciding factor as to whether an excellent employee stays or looks for another opportunity. The rising cost of health insurance is making it increasingly more difficult to offer your employees quality health care.

With a 125 Cafeteria plan the tax savings may make the difference.

Your benefits...

The potential tax savings you gain from allowing your employees to pay for their health care coverage with pre-tax money may give you the choice between adding to your company benefits package or just putting more dollars in your pocket.

**Cafeteria plan elections are generally irrevocable for an entire plan year and reduce Social Security compensation.*



Employee: Saving Tax Money

on health care premiums

...through your company's new cafeteria plan.

It's your money...

Between major medical, dental and supplemental coverage, you're probably spending a large part of your paycheck on health care coverage. But you might save tax money on these premiums by participating in your company's cafeteria plan. Here's how it works.

Savings Example

Per \$1,000 in salary

Employee Savings Example

<i>Without Flex Plan</i>	<i>With Flex Plan</i>
\$1,000 <i>Gross Income</i>	\$1,000 <i>Gross Income</i>
- 250 <i>Taxes</i>	- 100 <i>Insurance Premiums</i>
750 <i>Paycheck</i>	900 <i>Paycheck</i>
- 100 <i>Insurance Premiums</i>	- 225 <i>Taxes</i>
\$ 650 <i>Net Spendable</i>	\$ 675 <i>Net Spendable/Paycheck</i>

\$25 Tax Savings!

This example is for illustration only and assumes a combined tax rate (income, FICA, Medicare) of 25%. Your own personal tax situation may differ.

It's not the costs that are reduced, but how you pay for your benefits that makes the difference. Without a cafeteria plan, you pay taxes on every dollar you earn – then you pay for your benefits. With a cafeteria plan, your benefits costs are deducted first – and you pay taxes on the remainder. This means you don't pay taxes on the money you spend for qualified health care coverage!

Your benefits...

The potential tax savings you gain from paying for your other coverage with pre-tax money may give you the choice between adding to your benefits package or receiving a higher paycheck.

**Cafeteria plan elections are generally irrevocable for an entire plan year and reduce Social Security compensation. Prior to participation, carefully review your own personal tax situation may differ.*