HealthEquity | WageWorks

Premium Only Plan

LOWER YOUR TAXES AND INCREASE YOUR TAKE-HOME PAY

A Premium Only Plan (POP) lets you make premium payments and HSA contributions with a pre-tax deduction from your salary.

What is a POP?

Your employer's POP is an IRS-approved way to pay fewer tax dollars.[1] If you pay all or some of your company sponsored health insurance premiums and/or HSA contributions, a POP allows you to pay for your share of those premiums with before-tax dollars. In other words, the money used to pay for those premiums is never taxed.

Significant Savings

You could save up to

30%

on the premiums that are automatically deducted from your salary; savings are determined by your tax rate.

[1] Participating in a POP will lower your contributions to Social Security, so it's possible that future Social Security benefits may be slightly reduced.

Your pre-tax payments can include:[2]

- Group health insurance premiums
- Health Savings Account (HSA) contributions
- Voluntary premiums for vision and dental care
- Group-term life insurance premiums (under $50,000)

How a POP can increase your take-home pay

Here's an example of how a POP can help increase your take-home pay.

JOHN DOE	WITHOUT PLAN	WITH PLAN
Annual salary	$60,000	$60,000
Annual pre-tax insurance payroll deductions	$0	($4,800)
Taxable salary	$60,000	$55,200
Estimated taxes (30.65%)[3]	($18,390)	($16,920)
Annual after-tax insurance payroll deductions	($4,800)	$0
Take-home pay	$36,810	$38,280
Increase in take-home pay	$0	**$1,470**

The above is an example. How much you save depends on how much you earn, the cost of your premiums and what you pay in income taxes.

Ready to act? Talk to your benefits administrator

www.healthequity.com/pop

[2] Must be enrolled in your company's Premium Only Plan.
[3] Based on an average 20% federal, 7.65% FICA and 3% state tax rates.

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