

FSA'S

Flexible Spending Accounts allow employees to reduce tax costs by setting aside dollars for qualified medical, dental, vision, or dependent care expenses before payroll taxes are calculated. These set asides are then distributed tax-free to the participant as costs are incurred on themselves, their spouses, or dependent children.

POP'S

Premium Only Plans allow for the collection of the employee's share group insurance premiums via payroll deduction before taxes are calculated. Such plans can be offered stand-alone or in conjunction with FSA's in what is often called a Full Flex Plan.

CAFETERIA PLANS

THE 125 ADVANTAGE

Immediate Tax Savings

Employee contributions are sheltered from federal, state, and FICA taxes saving employees 25—35 cents for every dollar spent, and saving employers the matching FICA on such contributions.

<i>With a 125 Plan</i>		<i>Without a 125 Plan</i>	
Gross Monthly Pay	\$2,000.00	<u>Gross Monthly Pay</u>	<u>\$2,000.00</u>
Insurance (pretax)	\$ 200.00	<u>Taxable Income</u>	<u>\$2,000.00</u>
FSA Expenses (pretax)	\$ 200.00	Federal Income Tax	\$ 300.00
<u>Taxable Income</u>	<u>\$1,600.00</u>	State Income Tax	\$ 100.00
Federal Income Tax	\$ 240.00	FICA Taxes	\$ 153.00
State Income Tax	\$ 80.00	Insurance (after tax)	\$ 200.00
FICA Taxes	\$ 122.40	<u>Expenses (after tax)</u>	<u>\$ 200.00</u>
Net Monthly Income	\$1,157.60	Net Monthly Income	\$1,047.00

Take Home Pay Increases \$110.60 per month, totaling \$1,327.20 per year!



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