

Dear Employee:

We are pleased to provide you with an employee benefit that will help you save money by reducing your taxes. It's called a Premium Only Plan (POP).

This plan affords tax savings on any medical, dental and vision premiums you pay by reducing your taxable wages by an amount equal to the premiums you pay for medical, dental and/or vision coverage.

**Unless you request otherwise, your portion of medical, dental and vision premiums will be withheld on a pre-tax basis. If your portion of premiums is withheld on a pre-tax basis, you will not be allowed to change your election for one year unless you have a change in family status.**

### **What does this mean to you?**

If you enroll in the POP, your eligible premiums are subtracted from your gross pay before federal, state, and Social Security (FICA) taxes\* are applied. By reducing your gross taxable income, you lower the amount of your income that can be taxed. Because your taxable income is reduced, you pay less in taxes. You pay the same amount for your benefits – but save money doing it!

### **Important Details**

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

- Participation in the POP does NOT affect your current benefits. Your benefits, and the amount you pay for them, remain the same – you simply pay for them using pre-tax dollars.
- Your annual tax withholding (W-2) statements will reflect your reduced taxable income.
- Your *gross annual earnings* are not impacted by participating in the POP. This amount will continue to be used to determine any future salary increases and/or 401(k) contributions (if applicable).
- Social Security taxes are reduced on salary amounts up to the IRS maximum allowance. If you earn more than that, your tax savings might be slightly less because you may not get the full advantage of paying less FICA taxes. However, you will still get the advantage of paying less Federal and State income taxes. Your Social Security benefit may also be slightly reduced as a result of your election.
- You cannot change or revoke your election at any time during the plan year unless you have a qualifying change in status as outlined by the Internal Revenue Service.

\* Participant pre-tax deductions are exempt from federal withholding, FICA, FUTA, and most state income taxes.

**PREMIUM ONLY PLAN**  
**Enrollment Application and Salary Reduction Waiver**

**Employer Name** Nye County

**Employee Name** \_\_\_\_\_

**Street Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State** \_\_\_\_\_ **Zip Code** \_\_\_\_\_

**Daytime Phone Number** \_\_\_\_\_

**Date of Birth** \_\_\_\_\_ **Date of Hire** \_\_\_\_\_ **Gender (M or F)** \_\_\_\_\_

**Election**

**I elect to waive participation.** I have been given the opportunity to participate in the Premium Only Plan and have elected not to participate. I have enrolled in a qualified insurance plan, and I understand premiums for such coverage will be paid on an after-tax basis. I understand that I cannot elect Premium Only Plan pre-tax benefits until the next Open Enrollment period.

**Employee Certification**

- I understand completion of this form does not guarantee medical insurance coverage will be initiated and, if applicable, an application for medical insurance must also be completed.
- I understand the terms of eligibility of this plan do not override the terms of eligibility of each of the available benefit plan options.
- I understand my election is irrevocable for the plan year unless I have a change in status or other qualifying event as defined in the Plan and IRS regulations, and the requested change is on account of and consistent with the event.
- I understand participation in this plan reduces my social security withholdings and could reduce my social security benefits.
- I certify I have read and agree to the terms above.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date