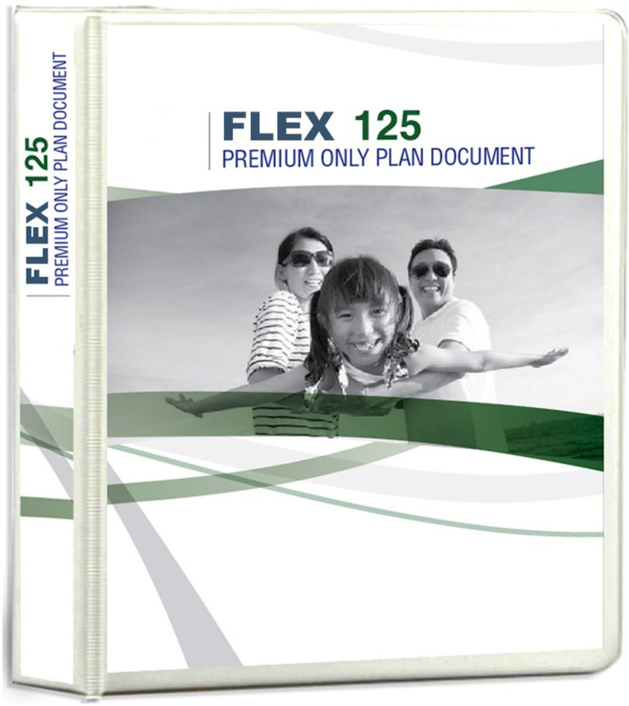
Flex 125 | Premium Only Plan Document



SAVE
BIG
with TAX-FREE
Life & Health Insurance

Flex 125 POP package brings big tax savings

Employers can save money by eliminating payroll taxes on health and supplemental insurance premiums paid by their employees through a Section 125 Premium Only Plan (POP).

Pre-Tax benefits

Section 125 of the Internal Revenue Code (IRC) allows employees to elect a tax-free way to pay for qualifying insurance premiums that reduces income and payroll as follows:

- Employers save up to 8% in FICA and other payroll taxes on premiums employees pay into the plan.
- Employees get up to 40% in income and payroll tax savings on health insurance and other premiums paid.

A benefit plan that pays for itself

The Section 125 POP actually pays for itself by eliminating all payroll taxes on benefit premiums for both the employee and employer.

The employer's matching FICA tax savings from the example above comes to $572 annually ($22 x 26 pay periods) -- almost 5 times the cost of a Flex 125 POP package -- on one employee alone.

See the savings

The table below shows how tax savings from a Section 125 POP can significantly increase an employee's take-home pay.

Per Bi-Weekly Pay Period	Regular	With POP
Gross Pay	$ 1,385	$ 1,385
Pre-tax Health Insurance Premium	--	300
Net Taxable Income	$1,385	$1,085
Federal Income Tax (20% rate)	277	217
Social Security (FICA; 7.65%)	105	83
State Income Tax (2%)[2]	28	22
Net Income after Taxes	$ 975	$ 763
After-tax Health Insurance Premium	300	--
Net Pay	**$ 675**	**$ 763**
Net Tax Savings with Flex 125 POP	--	$ 88

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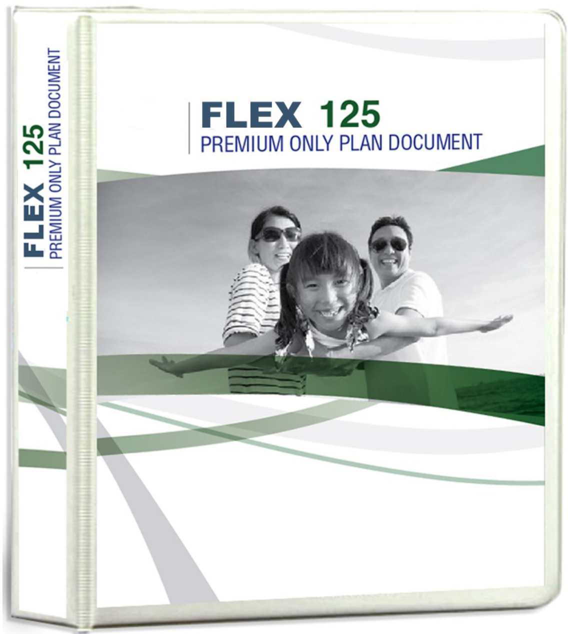

Tax savings on group health insurance plus custom plan design

Establishing a Section 125 POP allows an employer of any size to offer tax-free group health and supplemental insurance premium just like much larger companies.

Cafeteria-style benefits

With a Flex 125 POP, employees can eliminate all taxes on group health as well as term life, dental, vision, disability, accident, hospital indemnity, cancer and other supplemental insurance premiums, all on a tax-free basis.

Flexible Spending Accounts (FSAs)

Help employees cover other out-of-pocket expenses tax-free such as Health Savings Account (HSA) deductions, medical, dental & vision expenses with health FSA, daycare expenses with a dependent care FSA, or parking & transit expenses. Any or all are options for more tax-savings when you order a Flex 125 package. See the pricing on page 4.

Set up a Flex 125 POP in 3 easy steps

1. Design your plan:

- Choose your plan year according to the calendar (Jan-Dec) or your tax year (Jul-Jun, for example) -- a short plan year is available for the first year; and,
- Set eligibility and waiting period, and add optional flex modules. The enclosed worksheet takes you through it step-by-step.

2. Order your plan:

- Place your order for the Flex125 plan document package.
- Your personalized plan document package arrives at your inbox within a business day.

3. Start your plan:

- Print, review, and sign the plan document where indicated;
- Give a copy of the participant packet to each eligible employee; and then,
- Keep the Flex125 plan document on file with other personnel paperwork -- there is no requirement to file the plan document with any agency.

Section 125 POP FAQ's

What businesses can have a Section 125 POP?

C Corps, S Corps, LLCs, partnerships, sole proprietorships, and non-profits with as few as 1 employee.

Who can participate in a company's plan?

Employees can participate based on eligibility criteria the employer selects. The IRC prohibits owners such as a sole proprietor, partner, members of an LLC (in most cases), or more than 2% owners of an S corporation from participating in the plan. However, the owner still realizes significant and on-going payroll tax savings.

When can a Flex 125 POP plan year begin?

A plan year can cover any 12-month period you choose.

I want a January-December plan year, but it's July -- do I have to wait until the end of the year to start my plan?

No. The first year of a Section 125 POP can be a short plan year running from the current month through the last month of the desired plan year. In this case, the first plan year would probably run August 1 through December 31, with all following plan years being the standard January - December.