



THE HARRISON GROUP, INC.

SECTION 125 PREMIUM ONLY PLAN

The Internal Revenue Code requires that employers have a Section 125 Plan in place in order to allow employees to make pre-tax payroll deductions for certain insurance premiums.

A Premium Only Plan, commonly referred to as a "POP" allows employees to pay for group insurance premiums on a pre-tax basis. Allowable group insurance premiums include those paid for medical insurance, dental insurance, vision care insurance, group life insurance for coverage up to \$50,000 per employee, and disability income insurance.

EMPLOYER BENEFITS:

Employer tax savings can be as much as 7.65% of employee pre-tax contributions as a result of decreased taxable Social Security and Medicare wages. These savings usually equal or exceed any documentation costs.

EMPLOYEE BENEFITS:

Employees can decrease their federal and state income taxes as well as Social Security and Medicare taxes. Savings usually range from 20% to 40% of pre-tax contributions depending upon an employee's actual tax rates.

EMPLOYER REQUIREMENTS:

- Employers are required to have a written Plan Document and Summary Plan Description to describe how the plan operates.
- Employers are required by law to keep their POP plan documents up to date.