

### What is a Premium-Only Plan?

A Premium-Only Plan is a pre-tax salary reduction plan that allows employees to pay group insurance premiums. If you have a Premium-Only Plan, you are required to have a plan document to keep on record and a Summary Plan Description to distribute to employees. You must also keep a record that the employee has agreed to let you reduce their payroll.

These plans are for employers who do not want to offer a full Flexible Spending Account Plan but still want to offer a tax benefit for their eligible employees.

### What premiums qualify? Please select plans offered:

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Group Health Insurance             | <input type="checkbox"/> Vision Insurance                     | <input type="checkbox"/> Disability Insurance |
| <input type="checkbox"/> Employee Group Term Life Insurance | <input type="checkbox"/> Prescription Insurance               | <input type="checkbox"/> Accident Insurance   |
| <input type="checkbox"/> Cancer Insurance                   | <input type="checkbox"/> Health Savings Account contributions | <input type="checkbox"/> Dental Insurance     |
| <input type="checkbox"/> Medicare Supplemental Insurance    | <input type="checkbox"/> FSA Contributions                    |   |

### Employee benefits:

- Reduce income taxes (Federal, State, and FICA): pre-tax payroll deductions result in a lower taxable salary.
- Under a Section 125 Premium-Only Plan, employee's take-home pay is increased which helps reduce the high cost of providing health coverage for family members.

### Employer benefits:

- Reduce payroll taxes (including Social Security and Medicare): for every dollar of employee contribution into the Premium-Only Plan.
- Save on the cost of administration: the tax savings gained often covers the entire cost of plan administration.

### Who can participate in a Premium-Only Plan?

Employees of regular corporations, S corporations, limited liability companies (LLCs), partnerships, sole proprietors, professional corporations, and non-profit organizations can all reduce payroll taxes by establishing a Section 125 Premium-Only Plan.

### Complete the following to set-up a Premium-Only Plan

#### 1. Plan:

- New Plan Effective Date \_\_\_\_\_  Amended Plan Effective Date \_\_\_\_\_  
 Initial Plan Effective Date \_\_\_\_\_  Short Plan Year

#### 2. Employer Information:

Employer Name \_\_\_\_\_ Contact Name \_\_\_\_\_  
 Contact Email \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Phone \_\_\_\_\_ Fax \_\_\_\_\_ Federal Tax ID \_\_\_\_\_

#### 3. Type of Company:

- C Corporation  S Corporation  LLC  Partnership  Proprietorship  Tax-Exempt  Other

**4. Employee Information**

**A. Number of Eligible Employees:** \_\_\_\_\_

**B. Eligibility Conditions (Check All That Apply)**

- Same as employer group's health insurance plan
- Date of hire
- \_\_\_\_\_ Days after date of hire
- \_\_\_\_\_ Months after date of hire
- Other \_\_\_\_\_

**C. Employee Eligibility (Check One)**

- All employees who satisfy eligibility requirements
- Salaried Employees Only
- Hourly Employees Only
- All Employees Except:
  - Employees not eligible for group health insurance plan
  - Employees who work less than \_\_\_\_\_ hours per week/year
- Other \_\_\_\_\_

**D. Plan Entry Date (Check One)**

- Same as employer group's health insurance plan
- First day of the pay period following the date the requirements were met
- First day of the month following the date the requirements were met
- First day of the plan year following the date the requirements were met
- Date conditions of eligibility were met

**E. Employee Elections**

- No election required, may opt-out
- Election requested 1<sup>st</sup> year only
- Election requested every year

**F. Include Participant Election Forms**

- Yes
- No

## 5. Agreement

I certify that I am legally authorized to sign this set-up document on behalf of the employer named herein. The employer hereby agrees to purchase those services indicated on this agreement at the cost provided in the flexible benefits proposal or fee schedule.

_____ Printed Name	_____ Signature
_____ Title	_____ Date
_____ Submitting Agent Printed Name	_____ Signature
_____ Company/Agency	_____ Date

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