

PRE-TAX ENROLLMENT

Based on federal regulations, once a year, employees have the option to decide if they want to continue to have their dependent health and dental insurance premiums deducted on a pre-tax basis under the Federal Tax Code, Section 125. This means employees pay the premium prior to taxes being deducted from their gross pay. Thus, with a lower taxable income, the employee pays less in taxes. Most employees wish to have their premiums paid on a pre-tax basis because of the tax savings; please consider the following before deciding.

- You cannot drop your medical or dental coverage during the next calendar year, except for certain specified changes in family status. Some examples of such Status Changes include; marriage or divorce, birth or adoption of a child, or spousal loss of coverage.

You must notify the Internal Services department within 31 days of this event. If there is no Status Change, open enrollment is the only time that the Section 125 election may be changed.

- You cannot report the premiums paid as an itemized deduction on your income tax returns since your annual tax withholding (W-2 Statement) will reflect your reduced taxable income.
- Your Social Security contributions will be reduced since a pre-tax deduction plan reduces your taxable income, and therefore, could have an impact on your Social Security Retirement benefit.

Please make your election below and return to Internal Services.

- I choose to have my premiums for health benefits deducted on a pre-tax basis. By choosing this option, I will be paying less income tax, as my taxable salary as reported to the IRS will be reduced by the amount of my health insurance premium.
- I do not choose to have my premiums for health benefits deducted on a pre-tax basis.

Your Name (Please Print) _____

Social Security No. _____

Signature: _____ Date: _____

You will not be able to change options until the next open enrollment period.

For questions or more information, please contact Judy Jones at **679-8920**.