



PRE-TAX ENROLLMENT FORM

Name: _____ Department: _____

Based on federal regulation, once a year, employees have the option to decide if they want to continue to have their 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, their taxable income is lower which means the employee pays less tax. Although this may sound advantageous, you need to consider the following points before you decide to elect to have your premiums made on a pre-tax basis:

- You cannot drop your insurance coverage during the next calendar year, except for certain specified changes in family status, i.e. marriage, divorce, death of a spouse or child, birth or adoption of a child, change in employment of your spouse that affects his/her eligibility for benefits under another group plan, a dependent ceases to satisfy the requirements for unmarried dependent, and change in residence or work site of employee, spouse or dependent.
- 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 selection below and return this with your open enrollment paperwork to the Human Resources department.

- 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, since my taxable income reported to the IRS will be reduced by the amount of my insurance premiums.
- I do not choose to have my premiums for health benefits deducted on a pre-tax basis.

If this form is not received by November 3, 2006, your insurance premiums deductions will continue to be based on your current election. You will not be able to change this option again until the next open enrollment period.

Employee Signature

Date