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POP Means Big Tax Savings for You and Your Employees

Your WageWorks Easy Premium Only Plan, or EZPOP, is a simple, IRS-approved way for your employees to pay for their portion of insurance premiums through payroll deductions on a pre-tax basis, saving an average of 30%.

And with your POP, your company also saves. For every \$1,000 that your employees contribute, you save approximately \$80. It works by making one simple adjustment in your payroll process—an employee's share of insurance is deducted from gross pay before taxes are calculated. As a result, your company's taxable payroll and Social Security contributions will decrease as well. Everyone wins.

Which programs are eligible for the Premium Only Plan? Group health and employer-sponsored group term life insurance, as well as supplemental benefits like cancer insurance, dental and vision insurance, critical illness insurance and hospital indemnity, just to name a few. In addition, Health Savings Account contributions that employees make through payroll deduction also qualify.



Frequently Asked EZPOP Questions

Q1 Will premium contributions for a domestic partner's health insurance qualify for pre-tax payroll deduction through our POP?

Yes, but, only if the employee and partner are legally married.

Q2 Can I require my employees to participate in POP?

No. Your WageWorks EZPOP Kit contains forms that allow employees to elect or waive participation in your plan. Generally, tax advisors recommend that employees elect to take advantage of POP in order to save an average of 30% on insurance premiums.



Q3 We implemented a *spousal surcharge* program where an employee must pay an additional cost to cover a working spouse who has the option to elect health coverage from his or her employer and has declined the coverage. Is the surcharge a qualified benefit under our POP?

Yes. The spousal surcharge is considered a part of the employee's share of the health plan premium; accordingly, it qualifies for pre-tax savings with a POP.

Q4 Can I offer payroll deductions to my employees and use the money to pay premiums for their individually-owned health insurance policies?

No. Individually-owned health policies do *not* qualify for pre-tax payroll deduction through your POP.

Q5 If my employees purchase individual health insurance on their own, can I reimburse them for the premiums they pay to the insurance company?

No. An employer may no longer reimburse employees for individually-owned health insurance policies.

Q6 In the past, I reimbursed my employees for their individual insurance premiums. Since that is no longer allowed, what should I do?

The IRS understands that some small employers (generally less than 50 full-time employees) followed a practice of reimbursing employees for individual insurance premiums. However, that will not be permitted after June 30, 2015. Beginning July 1, employers that continue this practice will be subject to a \$36,000 per-employee penalty (\$100 per employee, per day).

Therefore, going forward, employers should either: 1) offer group health insurance and allow employees to save 30% on their share of the insurance premiums with POP, or 2) send employees to the Health Insurance Marketplace to purchase insurance on their own.

Q7 Can I add money to my employee's paycheck and tell them to use it to purchase individual insurance coverage instead of offering group insurance that qualifies for POP savings?

No. This arrangement would be considered an employer payment plan and is not permitted.

Q8 I've heard about a vendor that markets a product, claiming that employers can cancel their group policies, set up a Code Section 105 reimbursement plan that works with individual health insurance policies, and allow eligible employees to access the premium tax credits for Individual Marketplace coverage. Is this permissible?

No. These arrangements are problematic. The arrangement described above is a group health plan. Therefore, employees participating in such arrangements are not eligible for premium tax credits (or cost-sharing reductions) for Marketplace coverage.

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behind Tab 8 of your
POP-Kit.

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Look for your Update & Compliance packet

Our system automatically automatically sends (via US Postal) your renewal and plan document update packet at least 60 days before your new plan year begins. If you haven't received your update packet, or have any questions, send an email to EZPOP@wageworks.com or go to ezpop.com and click on "Contact Us."