



SIMPLIFIED

PREMIUM ONLY PLAN

“P O P”

A FLEXIBLE “PREMIUM ONLY PLAN”

Presented on Behalf of
Admin America, Inc.

WHY SHOULD OUR COMPANY CONSIDER AN ADMIN AMERICA POP NOW?

Every day your employees pay for their payroll deducted insurance premiums with after tax dollars, you and your employees are losing money. An Admin America Simplified Premium Only Plan ("POP") will **increase employee paychecks** while **saving you F.I.C.A. taxes!** Under "Section 125" of the Internal Revenue Code, employers are allowed to offer Flexible Benefits Plans, such as a POP, to their employees. Both the employer and the employees will benefit with **tax savings** as a result of this arrangement.

When the rules of Section 125 are followed, employers may deduct employee paid premiums for certain health related insurance benefits on a tax-exempt basis. This means the **employer pays less F.I.C.A. tax** and the **employee will pay less F.I.C.A. and income taxes**. Employees will actually see an immediate increase in their paycheck. Any single employer and some "related employers" such as controlled groups or members of an affiliated service group may establish a POP. Some individuals are prohibited from participating in these plans, such as partners in a partnership, owners of an S-Corporation or sole proprietors. Although these individuals are not allowed to personally participate, their employees can utilize the tax savings offered by these plans and the employer still enjoys the FICA savings.

Specific employer and employee savings depend on the total amount employees contribute towards Section 125 qualified benefits. These tables demonstrate the savings available when you implement an Admin America POP. How many other opportunities do you have to increase net wages at negative cost to you?

EMPLOYER SAVINGS:	Without POP	With POP
Total Annual Payroll	\$360,000	\$360,000
LESS Employee Premiums	\$0	(\$28,800)
Net Taxable Payroll	\$360,000	\$331,200
F.I.C.A. Taxes (7.65%)	\$27,540	\$25,337
F.I.C.A. TAX SAVINGS		\$2,203

EMPLOYEE SAVINGS:	Without POP	With POP
Gross Annual Salary	\$30,000	\$30,000
LESS Pre-tax Premium	(\$0)	(\$2,400)
Net Taxable Income	\$30,000	\$27,600
LESS Income Tax (28.65%)	(\$8,595)	(\$7,907)
LESS After-tax Premium	(\$2,400)	(\$0)
Net Pay Check Amount	\$19,005	\$19,693
ANNUAL INCREASE IN PAY CHECK		\$688

Assumptions Made in the Charts Above:

Number of Participating Employees: 12
 Annual Salary per Participating Employee: \$30,000
 Average Annual Employee-Paid Premium: \$2,400

Estimated Income Tax Rates (minimum): Federal 15.00%
 F.I.C.A. 7.65%
 State 6.00%

If an employee is in a higher Federal Tax bracket, he or she could enjoy substantially greater savings.

Please take the time to fill in this worksheet with your numbers to calculate your actual savings.

Total Monthly Employee-Paid Premium (Health, Dental, Group Term Life, Disability, Cancer, etc.)	\$	
F.I.C.A. Tax Rate (7.65%)		X .0765
Monthly Employer F.I.C.A. Tax Savings	\$	
		X 12
TOTAL ANNUAL EMPLOYER F.I.C.A. TAX SAVINGS	\$	

HOW WILL ADMIN AMERICA HELP US IMPLEMENT A POP?

Everything you need to implement your POP will be provided for you. Your Admin America POP package will include:

A Custom Plan Document. One requirement of Section 125 is for the plan to be in writing with all provisions described in sufficient detail. The Plan Document that Admin America provides is complete and ready for signature.

A Custom Summary Plan Description ("SPD"). The SPD is written in an easy to understand question and answer format that explains the POP to your employees. This reduces your need to personally explain the Plan to your Employees while preventing miscommunications of the Plans benefits and rules.

A Master Election Form. Section 125 requires that employees be allowed to choose either pre-tax benefits or taxable compensation. Admin America will provide materials for employees to make their election to participate in the POP and receive pre-tax benefits or waive participation and receive taxable compensation.

Non-Discrimination Safe Harbor Rules for POP Plans. Admin America designs each clients POP to take advantage of non-discrimination safe harbor rules made available in 2007 Treasury Proposed Regulations. Therefore no ongoing non-discrimination testing is required

Government Filings. POP plans are not currently subject to any government filing requirements. Should any such requirements be re-implemented, you will be notified Admin America will offer filing preparation for an additional fee. Any such filings could also be prepared at your expense by your tax professional.

HOW DOES ADMIN AMERICA HELP US ONCE THE PLAN IS IN PLACE?

Admin America provides the following services to help you maintain your POP after it is implemented:

Toll Free Telephone Technical Support. Admin America is available to answer ongoing administration questions regarding your POP through a toll-free number. If you or your employees have questions about the Plan, give us a call. We specialize exclusively in implementing and administering tax exempt employee benefit plans.

Document Updates. Admin America will notify you of any changes to the applicable federal laws which would require your Plan to be amended. Upon authorization by your company, Admin America will make any required changes and provide you with new documents for a fee of \$100. *Required changes have historically been very infrequent. Since 1990, POP documents and summary plan descriptions have only required revisions one time.*

WE WANT A POP - NOW WHAT DO WE DO?

In order for you and your employees to begin saving tax dollars with an Admin America POP, complete the enclosed application.

Instructions for Completing the Simplified POP Application

1. Employer Name: Complete **legal name** of the employer sponsoring the Plan.
2. Mailing/Physical Address: Provide both the mailing address and physical address, if different.
3. Contact Person(s): Fill in the name of the company executive authorizing Admin America to prepare the POP for the company and the name of the person who will conduct the daily operations of the Plan. Unless otherwise requested, the authorizing executive will be named as the Legal Administrator of the Plan.
4. Plan Name: Write the desired name of the Plan. Most often this is just the employer's corporate name or trade name followed by "Flexible Benefits Plan".
5. Employer Entity: Put an "X" in the box that describes the type of company. If "Other", please describe the entity type.
6. Employer Tax ID Number: Provide the Federal Tax ID Number of the employer sponsor of the Plan.
7. Conditions of Eligibility
8. Entry Date: Indicate when payroll deductions should begin once an employee becomes eligible to participate.
9. Telephone: Write in the Plan Administrator's telephone number.
10. Mark either the box for New Plan or Amendment. If this is an Amendment, please enclose a copy of the POP's previous Plan Document(s).
11. Effective Date: Fill in the date you wish the Plan to become effective. The date should either be the first day of the month or coincide with the first payroll date for pretax deductions. It is not necessary for the date to be the beginning of the year since initial short years are allowed.
12. First Plan Year: If the effective date is a date other than the beginning of the preferred Plan Year, write in the period (less than 12 months) beginning with the effective date and ending on the date chosen to be the last day of the Plan Year. Often, a short Plan Year period is used to set future Plan Years to coincide with whatever Plan Year you wish to follow.
13. Subsequent Plan Year: The first day of the Plan Year is usually chosen to coincide with a calendar or fiscal year or with an insurance renewal date. The Subsequent Plan Year must be a full twelve (12) month period. Only include the month and day.
14. Plan Number: This is the three digit number beginning with "5" which will identify the Plan for the IRS. Do not repeat any number used for any other welfare benefit Plan sponsored by the employer.
15. Premium Payment Accounts: Mark an "X" beside each line of coverage you want to have included in the P.O.P. Consider insurance you have now and ones you may want to add in the future

After completing the Application, the company Executive authorizing preparation of the POP should sign their name and print their title and the date. Finally, if there is an insurance Broker responsible for referring your company to Admin America, have him/her complete the "Broker Information" section at the bottom of the page.

PREMIUM ONLY PLAN ABSTRACT

All sections of this form are required to be fully completed.

Employer Name:
Mailing Address:
City, State, Zip:
Physical Address:
Phone:
Fax:

Employer Entity: Corporation S-Corporation
 LLC Partnership LLP Other:

Note: Owners (Members, Partners, etc.) of Entity Types other than Corporations are not eligible for participation in the plans maintained by that entity. More than 2% shareholders of S-Corporations and their family members are not eligible for participation in plans maintained by the S-Corporation.

Plan Name:
FLEXIBLE BENEFITS PLAN

Employer Tax ID Number
Employees To Be Excluded From Plan(s):
 Part-time Employees (working less than 30 hours per week)
 NO employees are to be excluded
 Other:

Miscellaneous:
Will you have a group health plan as of the effective date of this plan?
 Yes No

Premium Account(s) Included:
 Group Health Insurance
 Group Dental Insurance
 Cancer/Dread Disease Insurance
 Critical Illness
 Hospital Confinement
 Vision
 HSA
 Other:

Benefits Administrator:
E-mail address:
Phone:
 New Plan Amended Plan

Plan Number:
Original Effective Date:
Amended Effective:
Regular Plan Year:
From to
Short Plan Year:
From to

Conditions of Eligibility:
Eligibility for this plan will be defines as the same as your Group Health Plan's eligibility unless you indicate a different eligibility standard here:

Prepared and Authorized By:

Printed Name Title Date

BROKER INFORMATION: Plans will be emailed to both the broker and group benefits administrator noted on the application unless requested otherwise.

Name: Broker Company Name:

Address:

Telephone:

Broker email address where plan should be emailed to:



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