

Important Notice For Newly Eligible Employees

You are receiving this notice as a new employee or a newly eligible employee and we would like to introduce you to the Premium Only Plan (POP), one of the options of our Flex Plan. The POP is a **tax savings** program designed to save you money on the cost of your insurance premiums by reducing your taxes.

Please take a few minutes to read this form. If you do not want to pay your premium costs pre-tax using the POP, you must waive participation in writing within 30-days of becoming an eligible employee. If you waive participation, your costs will be deducted from your paycheck on an after-tax basis as a normal payroll deduction.

1. **How does this Plan work?** The POP allows you to redirect part of your income to pay for your cost of our group health-related insurance premiums. Your premium costs are taken off the top of your pay and are not subject to taxes. You are **automatically** enrolled in the POP each Plan Year unless you **waive** participation in writing within 30 days of becoming eligible to participate in our group health plans.
2. **Why would I want to participate in this Plan?** **TO SAVE MONEY!** By paying your premiums pre-tax, the POP will save you 20% and as much as 40% of your premium costs by reducing your payroll taxes. For example, if your premiums cost \$100 per month, your savings will be between \$240 and \$480 per year. This means that your POP tax savings can pay for several months of your health insurance premiums each year.
3. **Can I stop paying for premiums during the year?** **NOT USUALLY.** Unless you waive participation in writing, you will be considered to have made an election to participate for the entire Plan Year. This election cannot be changed until the next Plan Year, except in cases of a change in family status or a change in premium cost. If you experience a substantial increase in the cost of your insurance coverage, you may be able to change to a less expensive health plan (if one is available) but you will not usually be able to discontinue health insurance coverage altogether. If your family circumstances change (marriage, divorce, change of employment, etc.) during the year and you believe that you have had a "change in status", contact your HR/Benefits Representative **immediately** to review your situation and, if necessary, adjust your contributions. The deadline to make a change in status election change is 30 days after the change in status event.
4. **How do I get reimbursed for my premiums?** You will not be reimbursed for premiums. The contributions you make to the POP represent the insurance premiums you pay to be covered under our group health plans.
5. **Can I claim these premiums as a tax deduction?** Probably not. The IRS allows a tax deduction for medical and health insurance expenses. However, to claim the deduction your expenses have to exceed 7.5% of your annual adjusted gross income (AGI). Thus, if your AGI is \$30,000 your expenses would have to be greater than \$2,250 before you could take the deduction and then only for the amount over \$2,250. **With the POP, you reduce your taxes from the very first dollar you pay for premiums.**
6. **Where can I get more information about the POP?** We have distributed copies of the Summary Plan Description (SPD) which describes the benefits that you may choose within this Plan. The SPD will also tell you about other important information concerning the Plan, such as the rules you must satisfy before you can join and the laws that protect your rights. It is important that you read the Summary Plan Description.

ONLY SIGN THIS FORM IF YOU CHOOSE TO WAIVE PARTICIPATION AND PAY YOUR PREMIUM COSTS AS AN AFTER-TAX DEDUCTION

I acknowledge that I have been given the opportunity to participate in this Plan. The benefits have been explained to me but I hereby waive my rights to participate at this time. I understand that by waiving my right to participate at this time, I will not be eligible to participate in the Plan until the next plan year except upon the event of a "change in status" as defined by the Internal Revenue Service and only if such a change is provided for under the provisions of the Plan. If such a "change in status" occurs, it will be my responsibility to advise my Employer with 30 days of the event if I chose to participate in this Plan at that time.

Signed: _____

Date: _____