

**WITH POP, INSURANCE PREMIUMS ARE DEDUCTED FROM YOUR PAY BEFORE TAXES ARE TAKEN. THE RESULT IS A SMALLER TAX BITE AND MORE MONEY IN YOUR POCKET; IT'S THAT EASY.**

**Santa Fe County  
Premium Only Plan (POP)  
Enrollment or Waiver Form**

**PROCEDURE**

If you do not wish to participate, return the enrollment form to the Human Resources Office by the end of "open enrollment" of that current plan year or within 31 days after your date of hire.

**WHAT'S THE CATCH?**

There really is no "catch". The State's POP is a fully legal form of "Cafeteria Plan" a mechanism for offering group benefit plans which is regulated by Section 125 of the Internal Revenue Code. There are three situations why POP may not be advantageous.

A lower FICA base may affect your Social Security retirement benefit **slightly** depending on how far in the future retirement begins. Because your Social Security base is reduced, the final average used in determining your Social Security Pension may be affected. However the impact on Social Security Benefits described above is so minimal that POP should be beneficial to nearly 100% of State employees.

Current tax laws allow employees who itemize deductions to deduct insurance premiums on their federal income tax forms. However, medical expenses including insurance premiums are deductible only if out of pocket medical expenses for the year exceed 7.5% of income. Therefore, very few people are able to take this IRS deduction, so POP is generally more advantageous. If you participate in POP, you will not be able to deduct insurance premiums.

There are rules for tax credits for people with young children covered by employee paid health plans, which make it advantageous to pay premiums with post-tax dollars. This tax credit is not as beneficial to many people when compared to the exclusion from income offered by POP. These rules, however, are complex and you should consult your tax advisor if this might apply to you.

Name: \_\_\_\_\_

SS#: \_\_\_\_\_

Department/Office: \_\_\_\_\_

Check the "Yes" or "No" box and sign:

<input type="checkbox"/> YES  I authorize the County to enroll me in the Premium Only Plan and to deduct eligible insurance premiums from my salary before taxes are calculated. This will reduce my taxable income and increase my take-home pay.  <input type="checkbox"/> No  I do not wish to take advantage of the County Premium Only Plan, even though I may be enrolled in the group health and/or dental plan(s). I understand that I will not receive the take-home pay increase that would result from participation in the plan. I further understand that if I waive enrollment now, I may not enroll late unless there is a formal open enrollment period or until I have a change in family status that affects my insurance premiums.
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\_\_\_\_\_  
Employee Signature Date

Continuance of the POP program is contingent on the continued federal approval of Section 125 plans.

**Return this form to the Insurance Representative WITHIN 30 days of your hire date.**

\*Note: Domestic partners and dependants cannot participate in the Premium Only Plan.



"Unidos Aqui Para La Gente"  
Equal Opportunity Employer

# Santa Fe County Human Resources

[www.santafecounty.org](http://www.santafecounty.org)

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## Premium Only Plan

POP is the State's **PREMIUM ONLY PLAN**. This is a pre-tax premium conversion plan that allows County employees to have their health, dental, and vision insurance premiums removed from their pay **BEFORE TAXES** are calculated and deducted.

Reducing taxable income **INCREASES NET TAKE HOME PAY!** This is how POP saves you money, it's that simple.

To simplify the process you will be automatically enrolled unless you return a waiver form rejecting this benefit.

For more information on how POP works, please review this pamphlet or contact your Group Representative.

### WHO IS ELIGIBLE TO PARTICIPATE?

All County employees who are enrolled in any of the State group health, dental, and/or vision plans will be enrolled in the Premium Only Plan (unless waived). New employees become eligible when their insurance becomes effective.

### WHAT MUST I DO?

If you wish to participate or continue to participate, do nothing: you will be automatically enrolled. Sign the declination form only if you do not wish to participate.

### HOW DOES THE PLAN WORK?

When insurance premiums are deducted from a paycheck, the deductions are normally made after FICA and federal income taxes are taken out. This means premiums are paid with "after tax dollars". With this plan, the eligible premiums are deducted before any tax or social security (FICA) deductions are made. The health, dental and vision coverage is paid for with "pre-tax dollars". The income reported on your annual W-2 form is reduced by the amount of the insurance premiums and the taxable income is therefore lower. This is permitted under special sections of the Internal Revenue Code.

### IF I WAVE COVERAGE CAN I ENROLL

**LATER?** Not until the next annual POP enrollment period. Late enrollments to the POP plan are not permitted under IRS regulations.

## COMMONLY ASKED QUESTIONS

### AS I PARTICIPATE IN POP, CAN I USE MY MEDICAL, DENTAL AND/OR VISION PREMIUMS AS A DEDUCTION ON MY INDIVIDUAL INCOME TAXES?

No. You will already have received your tax savings by participating in this plan.

### WHEN WILL THE EFFECT OF POP SHOW UP ON MY PAYCHECK?

Your pre-tax premium payment will appear on the 1<sup>st</sup> or 2<sup>nd</sup> paycheck in July for open enrollment. New employees will see the effects of the program when the first premium for medical, dental and/or vision insurance is deducted from the paycheck.

### CAN I HAVE JUST PART OF MY PREMIUM PAID THROUGH POP?

No. Only your full eligible premiums can be paid through this plan.

### WHAT EFFECT WILL POP HAVE ON MY ENROLLMENT?

None. PERA will continue to be calculated on original gross salary before the reduction for premium payment.

### WHEN CAN I CHANGE MY POP ENROLLMENT?

Within 31 days after your family status has changed. This includes your marriage, divorce, birth of a child, the death of your spouse or a dependant, your spouse's ending or beginning of employment, when you or your spouse switch from part-time to full-time employment or full-time to part-time, or when you or your spouse take an unpaid leave of absence which impacts your medical, dental, and/or vision enrollment.

### WHAT IF I WANT TO CHANGE OR DISCONTINUE MY INSURANCE COVERAGE DURING THE YEAR AND HAVE NOT HAD A CHANGE IN FAMILY STATUS?

According to IRS Guidelines, once you are enrolled in POP you may not change your deduction until the end of the POP plan year.