

# EZPOP Means Lower Taxes

*Enroll in your employer's EZPOP (Premium Only Plan) Today*

## What is a Premium Only Plan (POP)?

An EZPOP (Premium Only Plan) is an IRS-approved way for you to pay fewer tax dollars. If you pay all or some of the premiums for your company-sponsored insurance plans, then a Premium Only Plan is for you. That's because a Premium Only Plan allows you to pay for your share of those premiums with before-tax dollars. In other words, the money used to pay for those premiums is never taxed.

Just think what that means. If you are paying premiums for health insurance, dental or vision care, or group-term life insurance (under \$50,000), every one of those dollars will escape taxation (federal income, Social Security, and possibly state and local income taxes) as long as you're enrolled in your company's Premium Only Plan.

## How much can I save in taxes?

How much you save depends on how much you earn, the cost of premiums, and what you pay in income taxes.

## Will a Premium Only Plan affect my Social Security benefits?

Because a Premium Only Plan lowers your contributions to the Social Security system, it's possible that future Social Security benefits may be slightly reduced. But, Social Security is an "iffy" benefit to count on anyway. So, most tax advisors recommend taking advantage of current tax-savings opportunities like a Premium Only Plan.

If you are concerned about death benefits or disability or retirement income, consider using some of the money you save from the Premium Only Plan to beef up your insurance coverages.

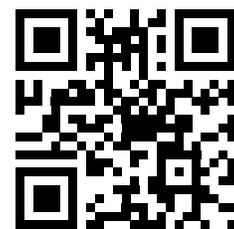
## How do I enroll in the Premium Only Plan?

It's simple. View our five-minute video that explains how the Premium Only Plan works and why your company is offering this new plan. After you have seen the video, you have the option of either participating or not participating, and you'll sign a form indicating your choice. If you want to participate, your company will send you a Summary Plan Description which describes everything you'd ever want to know about the plan.

## Can I Change My Mind?

During the plan year, you may not change your election unless you have a "change in status." Currently, Federal law considers the following events to be "changes in status."

- ▶ Marriage, divorce, death of a spouse, legal separation, or annulment;
- ▶ Change in the number of dependents, including birth, adoption, placement for adoption, or death of a dependent;



Watch our five-minute EZPOP video

Visit [www.EZPOP.com](http://www.EZPOP.com) to learn more.

- ▶ Any of the following events for you, your spouse or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- ▶ One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- ▶ A change in the place of residence of you, your spouse, or dependent that affects eligibility for benefits.

There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse, former spouse, or dependent.

If you need to make a change of election for any of these reasons, you must complete a Change of Election form. You may also change your elections for succeeding plan years prior to the first day of the plan year.

Check with your employer for information regarding the current change in status rules.

### Example of Employee Savings

John Smith: Single, No Exemptions

Estimated Eligible Expenses	Without Plan	WITH Plan
Annual Salary	\$30,000	<b>\$30,000</b>
Annual before-tax contributions <sup>1</sup>	0	<b>- \$2,400</b>
Taxable income	\$30,000	<b>\$27,600</b>
Estimated taxes (30.65%) <sup>2</sup>	- \$9,195	<b>- \$8,460</b>
Annual after-tax contributions	- \$2,400	<b>0</b>
Net take-home pay	\$18,405	<b>\$19,140</b>
Increase in take-home pay		<b>\$735</b>

<sup>1</sup> Based on a monthly premium of \$200.

<sup>2</sup> Based on an average 20% federal, 7.65% FICA and 3% state tax rates.

**Note:** Social Security benefits could be affected.

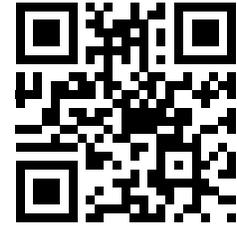
Calculate Your Estimated Tax Savings	
Total annual premium contributions	\$
Estimated taxes <sup>3</sup>	x .3065
Total annual estimated tax savings	\$

<sup>3</sup> Based on 20% federal, 7.65% FICA, and 3% state tax rates (varies by state).

**Note:** Actual savings may vary depending on your specific tax situation.

### About WageWorks

WageWorks (NYSE: WAGE) is a leading provider of Consumer-Directed Benefits (CDBs) in the United States. WageWorks administers and operates a broad array of CDBs, including pre-tax spending accounts, such as healthcare and dependent care Flexible Spending Accounts (FSAs), as well as Commuter Benefit Services, including transit and parking programs, Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), and other employee benefits.



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