

Section 125 Premium Only Plan (POP) Offers Big Savings for Employers and Employees

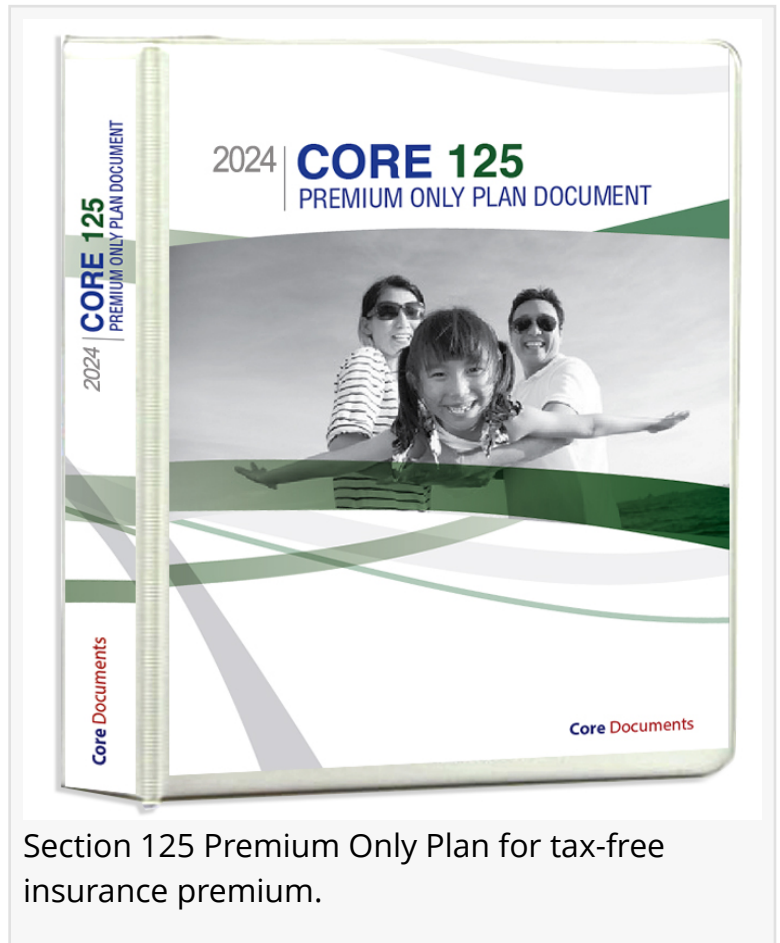
A Section 125 Premium Only Plan compliance and plan design expert with 27 years of experience is standing by to help employers with FREE POP design consulting.

BRADENTON, FLORIDA, UNITED STATES, August 21, 2024 /EINPresswire.com/ -- The Internal Revenue Service (IRS) provides provisions under IRS Code Section 125 that allow employees to make a voluntary salary reduction to make their health insurance premiums tax-free. Known as [Premium Only Plans \(POP\)](#), they benefit employees by saving them up to 40% in payroll taxes. They also provide significant savings for employers, who can save up to 8% in employer-matching FICA (SS & Medicare) payroll taxes.

Under IRS Code Section 125, employees can now have a portion of their salary deducted pre-tax to pay for their health insurance premiums. This means that the deducted amount is not subject to federal income tax, Social Security tax, or Medicare tax, resulting in significant savings for the employee and the employer. This is a voluntary option for employees and is not limited to health insurance premiums but can also include other eligible benefits such as dental and vision insurance.

To take advantage of this new provision, the IRS requires employers to establish a written plan document outlining the details of the POP. Additionally, the Department of Labor (DOL) requires employers to provide a Summary Plan Description (SPD) to every employee, which outlines the benefits and rules of the POP. This ensures that employers and employees know the plan's benefits and requirements.

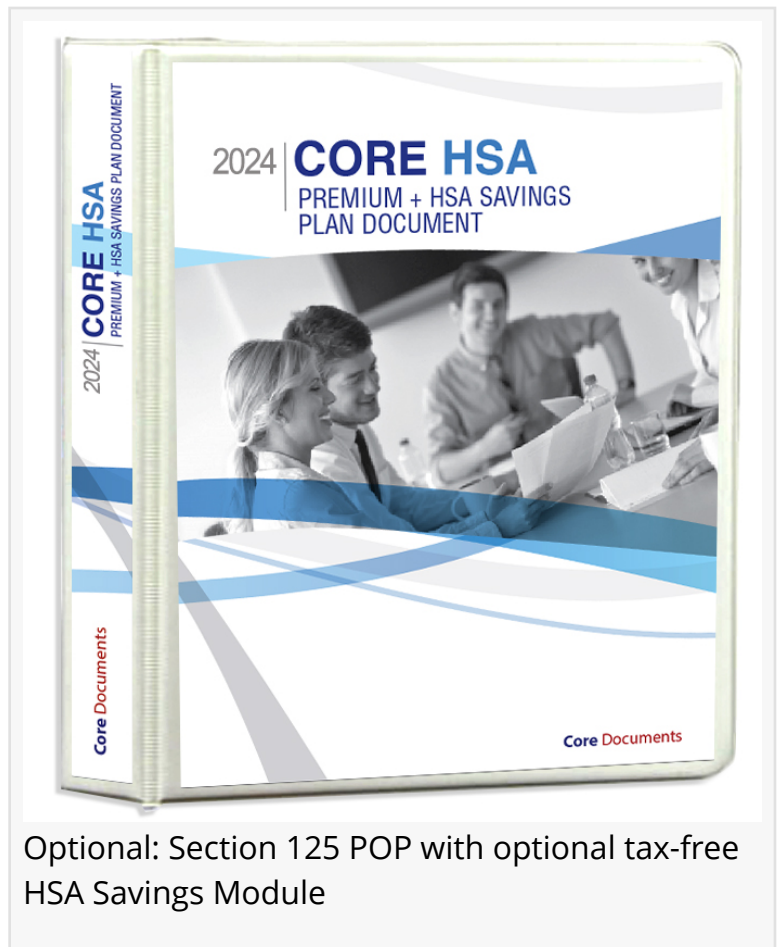
Many payroll companies today charge up to \$400+ in annual subscription fees to administer a



Section 125 Premium Only Plan for tax-free insurance premium.

POP plan document for employers. However, one company provides IRS and DOL-compliant plan documents for a low one-time fee until enough changes occur in IRS, DOL, or ACA laws to require an updated plan document or once every five years as required by the DOL.

[Core Documents](#) is the nation's leading provider of affordable IRS and DOL-compliant plan documents businesses need before offering tax-free employee benefits. Since 1997, Core Documents has assisted over 70,000 US businesses install an HRA or Section 125 Cafeteria Plan, including the Premium Only Plan, Health FSA, and Dependent Care Assistance Plan (DCAP) FSA plans. At Core Documents, the client only pays once for plan documents, not every year.



Optional: Section 125 POP with optional tax-free HSA Savings Module

Many employers disregard the IRS and DOL

requirements to establish and maintain a POP plan document and SPD. Many more employers don't know they should have a POP plan document and SPD before tax-free deductions are processed. If you're one of those employers, you should be aware that in the event of an IRS or DOL audit, all tax-free premium elections ever deducted without the plan document will be reclassified as taxable income, with interest and penalties all the way back to the beginning of the infraction.

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In a post-ACA world where health insurance is no longer affordable, all employers should have a Section 125 Premium Only Plan to eliminate payroll taxes on insurance premiums.”

Gene Ennis

The introduction of the IRS Code Section 125 Premium Only Plans is a significant employee benefit that offers substantial savings for both employers and employees. Allowing employees to make voluntary salary reductions reduces the burden of healthcare costs for both parties. Employers can also benefit from reduced payroll taxes, resulting in overall cost savings for their business. With the

requirement of a written plan document and SPD, employers can ensure compliance with the IRS and DOL regulations. This IRS provision is a win-win for employers and employees, providing a cost-effective solution for healthcare benefits.

Core Documents also works directly with insurance agents, accountants, attorneys, payroll

companies, and CPAs with Section 125 POP, Health FSA, Dependent Care Assistance FSAs, and HRA compliance, training, and plan design services free of charge.

The owner of Core Documents, Gene Ennis, has almost 40 years of experience in the employee benefits industry. He's held Certification in Flexible Compensation (CFC), a 218 life and health insurance license, a third-party administrator's (TPA) license, where he administered millions of dollars in ERISA self-funded health plans, a Professional Employer Organization (PEO) license, and a PEO Controlling Person's license, administering payroll and benefits for 500 worksite employees.

He has owned and operated Core Documents since 1997. During that time, he has custom-designed and implemented over 70,000 HRA and Section 125 plans for clients all over the United States.

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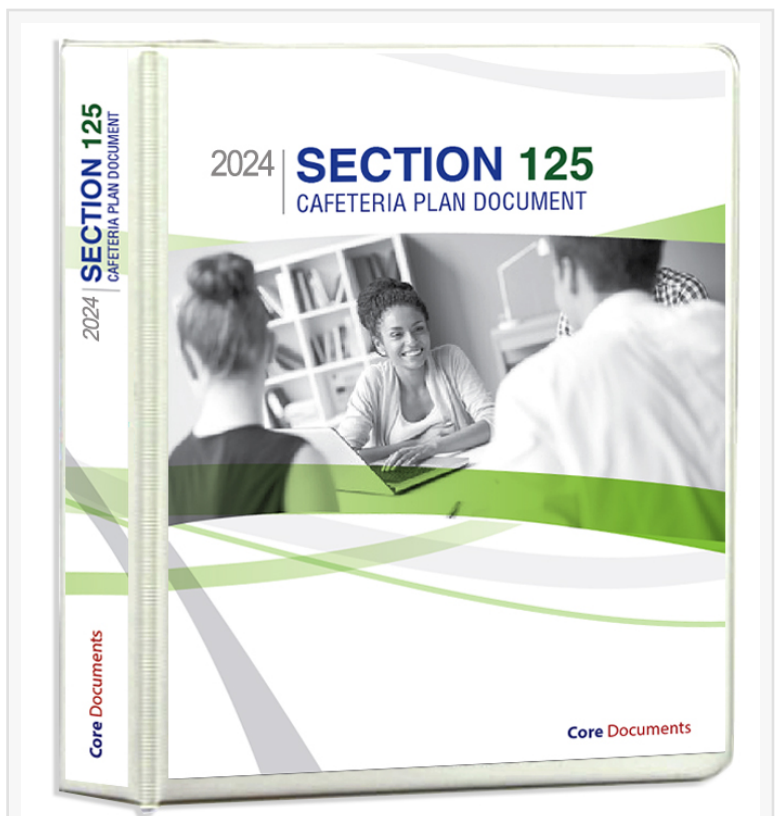
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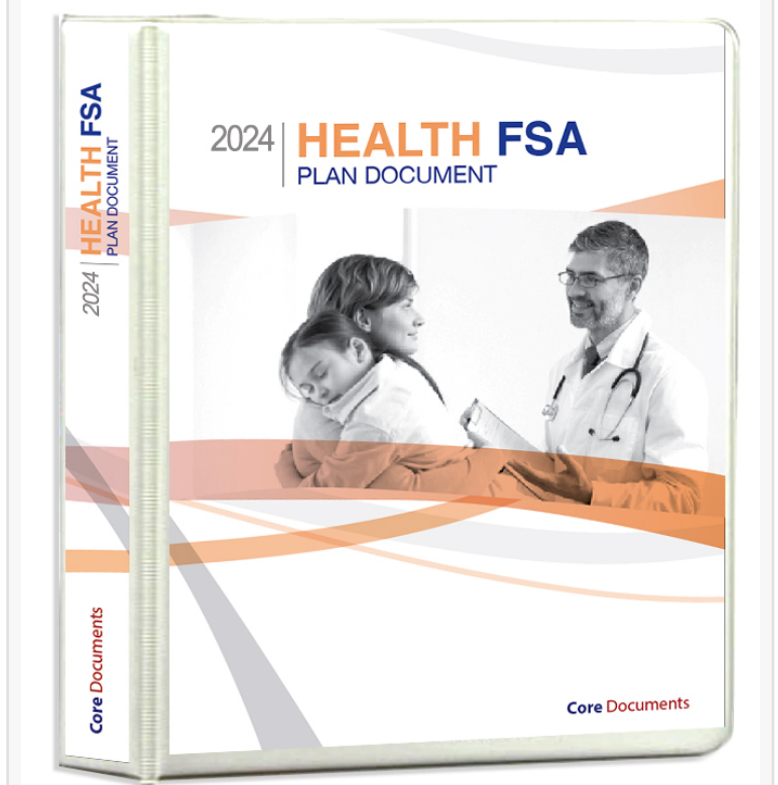
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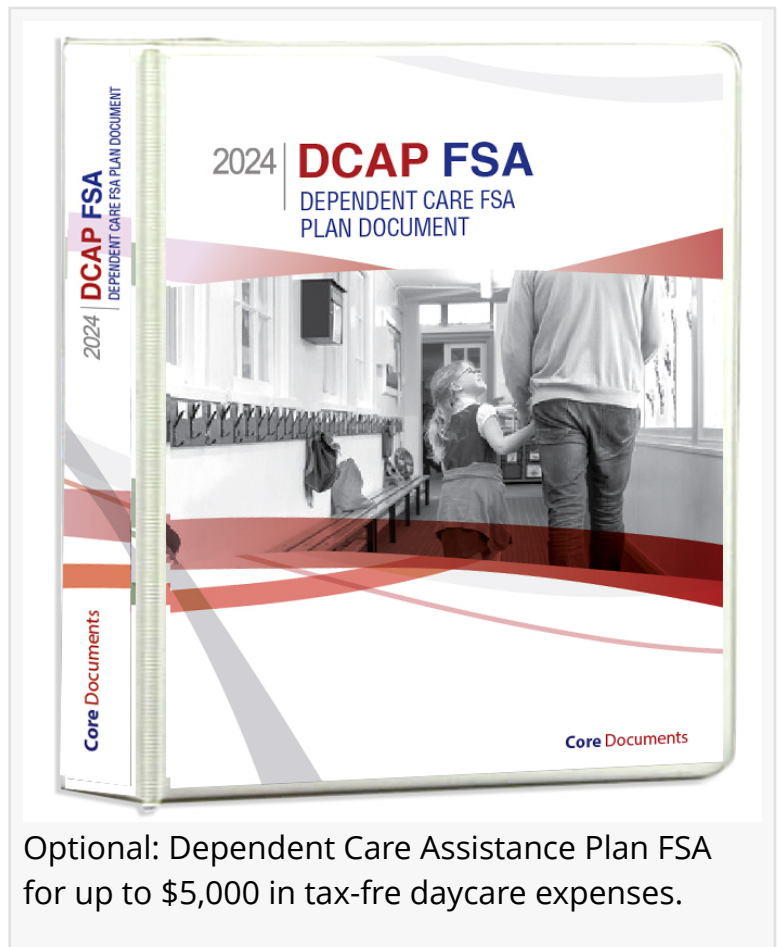
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Optional: Section 125 POP + Health FSA +
Dependent Care Assistance = Cafeteria Plan



Optional Health FSA allows up to \$3,200 tax-free
medical, dental and vision expenses.



Optional: Dependent Care Assistance Plan FSA for up to \$5,000 in tax-free daycare expenses.

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