

Decrease Your Taxes while Increasing Employee Salaries

When your company participates in the Shared Benefits Plan™, you can reduce payroll taxes and Workers' Compensation costs. Plus, you can increase your employees' net income.

How Does it Work?

Through provisions of Section 125 of the Internal Revenue Code, employees can elect to pay a portion of group health coverage premiums and contribute to a Health Savings Account (HSA) on a pre-tax basis. This reduces an employee's gross wages by the amount contributed to the benefit plan. Because employee wages are considered to be employer expenses, you will save on payroll taxes and Workers' Compensation costs. And because employees reduce their taxable income with their pre-tax contributions, they will pay lower federal, state income and social security taxes, thus increasing their take-home pay.³



What are the Benefits?

Employer Benefits	without SBP	with SBP	Employee Benefits	without SBP	with SBP
Typical Annual Payroll	\$250,000	\$250,000	Employee Income	\$40,000	\$40,000
Less what employees contribute for benefits	\$0	\$16,000	Less health premiums	\$0	\$2,400
Taxable payroll	\$250,000	\$234,000	Taxable income	\$40,000	\$37,600
Estimated FICA and Workers' Compensation costs (10%)	\$25,000	\$23,400	Estimated Federal, State and Social Security Taxes (27%) ³	\$10,800	\$10,152
Your company will save...	\$0	\$1,600¹	Income after taxes	\$29,200	\$27,448
			Less health premiums	\$2,400	\$0
			Remaining income after taxes and health premiums	\$26,800	\$27,448
			Increase in take-home pay...	\$0	\$648²

¹ this illustration approximates the amount of employer savings. The actual amount may vary depending on your employees' benefit and HSA contributions and Workers' Compensation rates.

² this illustration approximates the employee tax reduction savings. The actual amount may vary depending on the employee's specific tax requirements.

³ contributions to an HSA are considered taxable income in California.



As you can see, the Shared Benefits Plan™ could save you and your employees hundreds, even thousands of dollars a year! By implementing the Shared Benefits Plan™, you can essentially reduce out-of-pocket costs. Best of all, it doesn't cost employees anything to participate.

How Do You Get Started?

The Shared Benefits Plan™ is only \$150 per year, which includes an annual review of plan documents to ensure they remain current with legislative requirements. Call 888.294.0651 or contact your broker to get started and to see how you might be able to receive the first year free!

Please note that the employer application must be received prior to the requested effective date.

Call 888.294.0651 or visit bancover.com to get started!