

Bancover Insurance Services Inc.

presents the

Shared Benefits Plan™



Reduce Costly Payroll Taxes

If your business offers group health and/or life insurance benefits for employees then you are eligible for the Shared Benefits Plan (Section 125 Premium Only Plan). This unique employee benefit plan is offered through an exclusive alliance between Bancover Insurance Services, Inc. and Beere & Purves, Inc.

The Shared Benefits Plan can save you money by **reducing your Payroll Taxes and Workers' Compensation costs**. It will also increase your employees' take-home pay, allowing you to offer one more **value-added benefit to your employees**.

How the Shared Benefits Plan Works

Through provisions of Section 125 of the Internal Revenue Code, **your employees can elect to pay their portion of group health coverage on a pre-tax basis. If they are enrolled in an HSA Compatible High Deductible Health Plan, they can also make pre-tax contributions to their HSA.**

dollars are considered to be employer expenses, your company will save on Payroll Taxes and Workers' Compensation costs.

Your employees will also reduce their taxable income with pre-tax premium and HSA contributions therefore paying lower taxes and increasing their take-home pay! So, with the Shared Benefits Plan, everyone saves!

These deductions reduce your employees' wages and since these

Employer Benefits

- Reduced payroll-related taxes
- Reduced Workers' Compensation costs
- Minimal cost to implement

Employee Benefits

- Reduced Federal, State & Social Security taxes
- Increased take-home pay

	Without SBP	With SBP
Typical <u>annual</u> payroll	\$250,000	\$250,000
Less employees' Benefits & HSA Contributions	\$0	\$16,000
Taxable payroll	\$250,000	\$234,000
Estimated FICA and Workers' Compensation costs (10%)	\$25,000	\$23,400
Your company will save...	\$0	\$1,600*

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

Assume you earn \$40,000 a year and pay \$2,400 annually for the cost of your health insurance coverage. With the Shared Benefits Plan, your take-home pay will increase by \$648! If you qualify, you can save even more with pre-tax HSA Contributions.

	Without SBP	With SBP
Your income	\$40,000	\$40,000
Less health premiums	\$0	\$2,400
Taxable income	\$40,000	\$37,600
Estimated Federal, State, & Social Security taxes (at 27%)	\$10,800	\$10,152
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	\$648*

***Note the above illustration approximates employee tax reduction savings. The actual amount may vary depending on your specific tax requirements.**

Estimated Financial Savings Worksheet:

Employer Savings:

Employee Contributions towards Health Premiums (Annual)	\$ _____
FICA 7.65 %	
Estimated Workers' Compensation Rates + _____ %	
Total % Savings = _____ %	
Total Savings (FICA + Workers' Compensation) x EE's contributions	\$ _____
Cost of Shared Benefits Plan (1st year fees waived for B&P Clients)	\$ 150.00
Annual Net Savings	\$ _____

Employee Savings:

Employee Contributions toward Health Premiums (Annual)	\$ _____
Estimated Federal, State and Social Security taxes	x 27%
Total Savings	\$ _____

Bancover Insurance Services, Inc.

1350 Treat Blvd. Suite 470 Walnut Creek CA 94597
(888) 294-0651 Ph. (888) 978-7837 Fax. CA. Lic. #0729946

www.bancover.com

SHARED BENEFITS PLAN

Employer Application

This Employer Application shall set forth the optional provisions of the Shared Benefits Plan. The Employer Application shall at all times be considered a part of the Shared Benefits Plan.

EMPLOYER: _____

ADDRESS (Not a PO Box): _____

CITY / STATE / ZIP: _____ PHONE NO: _____

CONTACT: _____ EMPLOYER TAX ID NUMBER: _____

TOTAL EMPLOYEES: _____ EMPLOYEES PARTICIPATING IN PLAN: _____

ELIGIBILITY REQUIREMENTS*:

All employees are eligible if they work _____ hours a week and have met their employer's _____ month waiting period.

**Please note that most owners (Sole Proprietors, Partners, Members of an LLC, & more than 2% Shareholders in an S Corporation) cannot participate in a Premium Only Plan. Please discuss any implications of participation with your legal & financial counselors.*

PLAN NAME: _____ SHARED BENEFITS PLAN
(Employer Name)

EFFECTIVE DATE (first of month only): _____. The PLAN YEAR shall mean the accounting period from the effective date, and ending the last day of _____.

THE BENEFIT PLANS WHICH THE EMPLOYER HAS AUTHORIZED FOR INCLUSION IN THIS SHARED BENEFITS PLAN:
(please check the appropriate box(es)):

- C1. Accidental Death and Dismemberment Plan
- C2. Dental Plan
- C3. Disability Plan *(If Disability Premiums are paid with pre-tax dollars, any benefits distributed will be taxable to the recipient)*
- C4. Life Insurance Plan *(Premiums for Life Insurance coverage greater than \$50,000 must be paid with after-tax dollars)*
- C5. Medical Plan
- C6. Vision Plan
- C7. Health Savings Account

IF C7 IS CHECKED, PROVIDE THE NAME & CONTACT INFORMATION OF THE TRUSTEE OF THE HEALTH SAVINGS ACCOUNTS:

IF C7 IS CHECKED, PROVIDE THE FREQUENCY OF ALLOWED EMPLOYEE CHANGES TO HSA DEDUCTION CONTRIBUTIONS:

___ ANYTIME ___ MONTHLY ___ OTHER: _____

IF C7 IS CHECKED, WILL THE EMPLOYER CONTRIBUTE TO THE HEALTH SAVINGS ACCOUNTS FOR ELIGIBLE EMPLOYEES:

___ YES ___ NO

IF YES, DESCRIBE THE DOLLAR AMOUNT OR FORMULA USED FOR EMPLOYER CONTRIBUTIONS:
(Employer contributions are subject to the non-discrimination requirements of Section 125 of the Internal Revenue Code)

The Employer acknowledges that it is responsible for Health Savings Account compliance in accordance with Section 223 of the Internal Revenue Code. The Employer shall forward Health Savings Account contributions to the Trustee or Custodian only on behalf of employees who: (i) are enrolled in the Employer's high deductible health plan (and are not enrolled in the Employer's low deductible health plan), (ii) are not entitled to Medicare (generally, are under age 65), and (iii) are not claimed as a dependent on another person's federal income tax return. The Employer is responsible for processing all payroll deduction contribution elections and changes, and depositing the appropriate amounts with the Trustee or Custodian.

The Employer acknowledges that the Shared Benefits Plan Employer Application and all ancillary documents are specimen legal documents that affect substantial legal rights, which are not within the scope of Bancover Insurance Services, Inc.'s consulting services. Your legal counsel should review these documents and approve them as to form and substance, in that the ultimate substance and wording is the responsibility of the Employer.

We hereby subscribe to the Shared Benefits Plan in order to provide the benefits of the Plan to our employees and their eligible dependents. We agree to abide by, and be bound by, the terms and conditions of the Shared Benefits Plan, specifically including but not limited to the contribution termination and fiduciary responsibility provisions of the plan.

We agree to serve as the "named fiduciary," as defined and required by the Employee Retirement Income Security Act of 1974, as amended (ERISA) and as the Plan Administrator, as defined Section 3(16)(A) of ERISA, for the plan of benefits provided through the Shared Benefits Plan for our employees and their eligible dependents. We further agree to make all plan contributions as provided in the Plan and acknowledge that our subscription to the Plan and the participation of our employees and their dependents therein may be terminated for any of the reasons provided in the Plan.

The Shared Benefits Plan is domiciled in, and subject to the laws of, the State of California.

Signature

Title

Date

Broker Information:

Name: _____

Agency: _____

Address: _____

Phone: _____ Fax: _____

The Shared Benefits Plan™ Implementation Process

Step 1

Client completes the Employer Application and sends it with a check for \$150 payable to Bancover Insurance Services, Inc. *Please note that the plan will be free the first year for all Beere & Purves groups.*

Bancover Insurance Services, Inc.
1350 Treat Blvd., Suite 470 Walnut Creek, CA 94597

Step 2

Bancover sends out Plan Documents to the client which includes:

- Cover letter to client with instructions
- Shared Benefits Plan™ Adoption Agreement
- Shared Benefits Plan™ Document
- Shared Benefits Plan™ Summary Plan Description
- Waiver of Participation Form
- Health Savings Account Enrollment Form

Step 3

The client should then follow the instructions on the Cover Letter by:

- Having an officer of the company complete the Adoption Agreement;
- Having an officer of the company sign the last page of the Shared Benefits Plan™ Document;
- Distributing copies of the Adoption Agreement, Summary Plan Description, Waiver of Participation Form and the Health Savings Account Enrollment Form (where applicable) to each eligible employee.
- Sending copies of the completed Adoption Agreement, the Shared Benefits Plan™ Document signature page and any Waiver of Participation Forms back to Bancover Insurance Services;
- Keeping the original Adoption Agreement, Shared Benefits Plan™ Document, Summary Plan Description, Waiver of Participation Forms and any Health Savings Account Enrollment Forms received (where applicable) with their permanent records;
- Notifying the payroll company of the pre-tax deductions that should be made for each participating employee.

Step 4

Bancover Insurance Services, Inc. will provide:

- Customer service to the client by answering any questions they may have.
- Any necessary Amendments to the Shared Benefits Plan™ Documents as required by changes in the law.
- Free access to www.bancover.com where online savings calculators and other useful links are available.