

# Shared Benefits Plan™



from

Bancover Insurance Services



# Shared Benefits Plan™



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). The Shared Benefits Plan™, offered by Bancover Insurance Services, can save you money by **reducing 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 does the Shared Benefits Plan™ Work?

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 Health Savings Account (HSA) Compatible High Deductible Health Plan, they can also make pre-tax contributions to their HSA.**<sup>3</sup>

These deductions reduce your employees' wages and since these 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!<sup>3</sup>

## What are the Benefits?

### Employer Benefits

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

### Employee Benefits

- Reduced Federal, State & Social Security taxes<sup>3</sup>
- Increased take-home pay
- No cost to participate

Employer Benefits	without SBP	with SBP	Annual Employer Savings Worksheet	
Typical Annual Payroll	\$250,000	\$250,000	Total EE Contributions toward Health Premiums	\$ _____
Less what employees contribute for benefits	\$0	\$16,000	FICA %	7.65 %
Taxable payroll	\$250,000	\$234,000	Workers Compensation % (estimated)	_____ %
Estimated FICA and Workers' Compensation costs (10%)	\$25,000	\$23,400	Total % Savings (FICA + Work Comp)	_____ %
Your company will save...	\$0	<b>\$1,600<sup>1</sup></b>	Total Savings (EE Contributions x Total % Savings)	\$ _____
<b>Employee Benefits</b>	without SBP	with SBP	Cost of Shared Benefits Plan™	\$150
Employee Income	\$40,000	\$40,000	Net Savings (Total Savings – Plan Cost)	\$ _____
Less health premiums	\$0	\$2,400	<b>Annual Employee Savings Worksheet</b>	
Taxable income	\$40,000	\$37,600	EE Contribution toward Health Premiums	\$ _____
Estimated Federal, State and Social Security Taxes (27%) <sup>3</sup>	\$10,800	\$10,152	Estimated Federal, State & Social Security Tax %	27 %
Income after taxes	\$29,200	\$27,448	Total Savings (EE Contribution x Tax %)	\$ _____
Less health premiums	\$2,400	\$0	<sup>1</sup> Illustration approximates the amount of employer savings. The actual amount may vary depending on the employees' benefit and HSA contributions and Workers' Comp rates.	
Remaining income after taxes and health premiums	\$26,800	\$27,448	<sup>2</sup> Illustration approximates the employee tax reduction savings. The actual amount may vary depending on the employee's specific tax requirements.	
Increase in take-home pay...	\$0	<b>\$648<sup>2</sup></b>	<sup>3</sup> Contributions to an HSA are considered taxable income in California.	

# Shared Benefits Plan™

## Employer Application & Adoption Agreement



★ This form must be completed, signed and submitted to Bancover Insurance Services prior to the requested effective date. ★

★ If you are a very small employer with a high % of highly-compensated employees hoping to participate in a POP, you may have difficulty passing the existing non-discrimination guidelines. A Simple Cafeteria Plan may be an alternative. ★  
If you are concerned, request a copy of the non-discrimination guidelines to determine which guidelines you can pass.  
If a Simple Cafeteria Plan is needed, a different Employer Application & Adoption Agreement should be completed

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

EMPLOYER: \_\_\_\_\_

ADDRESS (not a PO Box): \_\_\_\_\_

CITY / STATE / ZIP: \_\_\_\_\_ PHONE: (\_\_\_\_) \_\_\_\_\_

CONTACT: \_\_\_\_\_ EMPLOYER TAX ID #: \_\_\_\_\_

CONTACT EMAIL: \_\_\_\_\_ BILLING EMAIL: \_\_\_\_\_

TOTAL EMPLOYEES: \_\_\_\_\_ EMPLOYEES PARTICIPATING IN PLAN: \_\_\_\_\_

MEMBERS OF PLAN COMMITTEE (one or more people appointed by the Employer to supervise the Plan administration):  
\_\_\_\_\_

### ELIGIBILITY REQUIREMENTS\*:

An employee meets the eligibility requirements of this Plan if the employee is eligible for one or more of the Benefit Plans checked in C1 through C7, below.

*\*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; following the signature date on this form) : \_\_\_\_\_.

The PLAN YEAR shall mean the accounting period from the effective date, and ending the last day of \_\_\_\_\_.

ENTRY DATE means the date that an employee begins participating in one or more of the Benefit Plans checked in C1 through C7, below.

THE EMPLOYER AUTHORIZES THE FOLLOWING BENEFIT PLANS FOR INCLUSION IN THEIR SHARED BENEFITS PLAN™:

(check all that apply)

- 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 (HSA)

IF C7 IS CHECKED, PROVIDE THE NAME & CONTACT INFORMATION OF THE FINANCIAL INSTITUTION (TRUSTEE) OF THE HSA:

\_\_\_\_\_  
\_\_\_\_\_

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

ANYTIME     MONTHLY     OTHER : \_\_\_\_\_

(Must be monthly or more often; please describe)

# Shared Benefits Plan™

## Employer Application & Adoption Agreement (page 2 of 2)



IF C7 IS CHECKED, WILL THE EMPLOYER CONTRIBUTE TO THE HSA'S OF ELIGIBLE EMPLOYEES: [ ] YES [ ] NO

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

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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 & Adoption Agreement, the Shared Benefits Plan Document, 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. The Employer acknowledges that by executing this Employer Application & Adoption Agreement, the Employer is adopting the Shared Benefits Plan and ancillary documents.

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Email

### BROKER INFORMATION:

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

Agency: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_

## Step 1

The client should return, prior to the requested effective date, a completed Employer Application & Adoption Agreement and check for \$150 payable to:

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

*Important Note: contact your Broker to determine whether you are eligible to receive the first year free.*

## Step 2

Upon receiving the completed Employer Application & Adoption Agreement and check, Bancover Insurance Services will send the client the Plan Documents which include:

- Cover letter with instructions;
- Original Employer Application & Adoption Agreement;
- Shared Benefits Plan™ Specimen Document;
- Shared Benefits Plan™ Summary Plan Description;
- Waiver of Participation Form; and
- Health Savings Account Enrollment Form (where applicable).

## Step 3

The client should then follow the instructions in the Cover Letter which include:

- Distributing copies of the following to each eligible employee:
  - Employer Application & Adoption Agreement;
  - Summary Plan Description;
  - Waiver of Participation Form; and
  - Health Savings Account Enrollment Form (where applicable).
- Returning completed copies of the following documents to Bancover Insurance Services:
  - Waiver of Participation Forms.
- Keeping copies of the following documents with their permanent records:
  - Original Employer Application & Adoption Agreement;
  - Shared Benefits Plan™ Specimen Document;
  - Summary Plan Description;
  - Waiver of Participation Forms; and
  - Health Savings Account Enrollment Forms (where applicable).
- Notifying the payroll company of any pre-tax deductions for participating employees.

## Step 4

Bancover Insurance Services will provide the client with:

- Customer service; answering any questions they may have.
- Amendments to the Shared Benefits Plan™ Documents as required by changes in the law.
- Access to online savings calculators and other useful links via [www.bancover.com](http://www.bancover.com).