

# Decrease Client Taxes while Increasing Employee Salaries

When companies participate in the Shared Benefits Plan™, they reduce payroll taxes and Workers' Compensation costs. Plus, they increase their 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, the company 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.<sup>3</sup>



## 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%) <sup>3</sup>	\$10,800	\$10,152
Your company will save...	\$0	<b>\$1,600<sup>1</sup></b>	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	<b>\$648<sup>2</sup></b>

<sup>1</sup> 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.

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

<sup>3</sup> contributions to an HSA are considered taxable income in California.



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

## How Do You Get Started?

Call 888.294.0651. 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.

An annual commission of \$50 is available to the referring broker, but may be waived to reduce the annual fee. Not only that, the Shared Benefits Plan™ is free the first year for any Beere & Purves client (commission is not available when the plan is free).

**Call 888.294.0651 or visit [bancover.com](http://bancover.com) for details!**