

Premium Only Plan

TURN COMPLIANCE INTO CONFIDENCE

To get the most out of your group-sponsored benefit plan, employees should have the option to make premium payments and Health Savings Account (HSA) contributions on a pre-tax basis. But the IRS requires a Premium Only Plan (POP) to facilitate the necessary payroll deductions.

Now you can add a **HealthEquity POP** and simplify IRS Section 125 compliance. Your POP applies to many group-sponsored plans, including PPOs, vision, dental and even group-term life insurance. No matter what plan you offer, the HealthEquity POP gives your team the option to pay premiums on a pre-tax basis.

MAXIMIZE TAX SAVINGS

Give your team an instant raise

A POP plan allows employees to take home around 30 percent more pay.

Take the sting out of higher premiums

Use a POP plan to keep premiums level and share more of the premium costs, without reducing employee pay.

Unlock immediate FICA savings

Tax savings extend to you too — nearly 8 percent on every dollar.¹ You can use that savings to help offset rising premium costs.

Ready to act?

Call us to get started **800.876.7548**



Don't risk noncompliance

- Deductions may be disallowed back to inception
- Employees may be taxed on past deductions (with interest)
- IRS may assess missed FICA taxes and penalties
- IRS may assess “improper withholding” penalties

ONE PARTNER. TOTAL SOLUTION.

Only HealthEquity delivers the integrated solutions you need to simplify benefits and truly impact people's lives.



¹ Based on average federal, state and payroll taxes.
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PREMIUM ONLY PLAN APPLICATION



SECTION A: GENERAL PLAN INFORMATION

1. Plan Sponsor (Employer's complete legal name) ("Client") _____
2. Business type Corporation S-Corp. Sole Proprietor Partnership LLC Not-for-Profit Government Religious
3. Federal Employer Identification Number (must be nine digits.) _____ — _____
4. Employer's principal office: This Premium Only Plan shall be governed under the laws of the State Commonwealth _____
5. Legal name(s) of affiliated company(ies) that will be covered by this Plan _____
Affiliated company name(s) _____
6. Effective date of the Plan (check one)
 - a. A new Section 125 Premium Only Plan effective as of (date) _____
 - b. An amendment and restatement of an existing Section 125 Plan (transfer of Premium Only Plan from your current administrator)
 - (1) Effective date of original plan _____
 - (2) Effective date of amended and restated plan _____

The effective date of a new or restated plan should be the beginning of the first payroll period for which employee contributions will be made on a pre-tax basis. It is not necessary for the effective date to coincide with the first day of the Plan Year (short Plan Years are permitted in the first Plan Year). The plan document or restatement must be signed prior to its effective date.

7. Plan year: The first plan year for this Premium Only Plan will be a (check one)
 - a. 12-consecutive-month period beginning (date) _____ and ending (date) _____
 - b. Short plan year beginning (date) _____ and ending (date) _____

The Plan Year usually coincides with the renewal date of the insurance plan, calendar year or company fiscal year.

8. Benefits: All benefits listed below may be included in the Premium Only Plan, whether you currently offer them or not.
 - Health Insurance premiums, including major medical, accident, cancer and critical illness, dental, vision, and hospital indemnity. However, insurance products with a return-of-premium feature cannot be deducted on a pre-tax basis.
 - Group-term life insurance (only the first \$50,000 including employer-provided coverage, can be pre-tax)
 - Health Savings Accounts contributions that are made through payroll deduction
 - Disability insurance (pre-tax premium or benefit, but not both)
9. Total number of employees _____

SECTION B: ADMINISTRATOR

(Indicate the name and address of the person within the company responsible for plan administration. The application should be signed by an authorized representative of the company. Reminder: Please do not start pre-tax deductions until you have received the Administrative Kit and signed the Plan Document from HealthEquity.)

Plan administrative contact _____ Title _____
Mailing address _____
City, State, Zip _____
Phone _____ Fax _____ Email _____

HealthEquity will be the plan service provider, but will not be the Plan Sponsor or Plan Administrator. This Agreement will become effective on the "Effective Date of the Plan." It will continue for an initial term of one year beginning with the Effective Date, or the Amendment and Restatement Date, and continue thereafter for successive one-year terms ("Renewal Terms") or until terminated by either party upon 90 days prior written notice. For each Renewal Term, Client agrees to pay an Annual Compliance Service Fee of \$100.00 (billed at the end of each Plan Year).

Annual Compliance Service Fee will be the responsibility of the Employer Group.

Implementation Fee: \$120 for Blue Shield of California clients (suggested retail fee is \$425)

Annual Compliance Service Fee: \$100 for Blue Shield of California clients. (Invoice from HealthEquity)

Client signature _____ Date _____

(Note: This Application must be received by HealthEquity at least 15 business days prior to the requested effective date.)

SECTION C: REFERRAL SOURCE/BROKER OF RECORD

Name of referral source _____ Affiliated company _____
Address _____
City, State, Zip _____
Phone _____ Fax _____ Email _____

The referring company or its representative may earn a fee for services performed in connection with the implementation of this plan.

Please submit this form along with your group submission.

For any questions regarding POP, please contact HealthEquity at 1-800-876-7548. (Weekdays, 8 a.m. - 5 p.m. Central)

HealthEquity administers Health Savings Accounts (HSAs) and other consumer-directed benefits for our more than 12 million accounts in partnership with employers, benefits advisors and health and retirement plan providers who share our mission to connect health and wealth and value our culture of remarkable "Purple" service. For more information, visit www.healthequity.com. This material is provided for informational use only and should not be construed as tax advice or used in place of consulting a tax professional.