



## SECTION 125 PLANS: 3 Things Small Businesses Should Know

A Section 125 plan – also known as a Premium Only Plan (POP) – helps both your business and your employees. Whether you currently offer a POP or are new to the subject, here are three things every business owner should know:

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### A PREMIUM ONLY PLAN OFFERS SAVINGS TO YOU AND YOUR EMPLOYEES

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- > Savings for your employees: employees reduce their taxable income anywhere from 25% to 40% by paying for their health care benefits, pre-tax, from their paycheck.
- > Savings for your business: as a result of your employees using pre-tax dollars to pay for health care premiums, a POP reduces your payroll taxes as well.

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### YOU CAN ENROLL ANYTIME

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- > You can set up a Section 125 plan for employees whenever you'd like. You don't have to wait for Open Enrollment. Just call your broker or the CaliforniaChoice® Customer Service Center at 800.558.8003 to get started.

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### ADMINISTRATION IS KEY

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- > If you add a POP plan to your employee benefits program – or if you already have a POP plan – communicating with your employees is important. Be sure employees understand that if they make a change to their insurance, it needs to be coordinated through you. This ensures the changes are properly handled by HR, payroll, and your POP administrator.



### HAVE QUESTIONS?

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- > Talk to your broker for more information, or visit [irs.gov](https://www.irs.gov) and search for Section 125 Plans where you'll find FAQs and more details.
- > Help your employees get more – and pay less – for their benefits with a POP from CaliforniaChoice.