

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 Internal Revenue Service (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 requirements. Your POP applies to many group-sponsored plans, including Preferred Provider Organizations (PPOs), vision, dental and even group-term life insurance¹. 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.²

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 Federal Insurance Contributions Act (FICA) savings

Tax savings extend to you too — nearly 8 percent on every dollar.³ You can use that savings to help offset rising premium costs.

Maximize the value of your HSA

A POP combined with a HealthEquity HSA helps simplify plan design, increase flexibility, and optimize contribution matching. Your people capitalize on the HSA triple-tax advantage, while your organization avoids potential excise taxes or other penalties.⁴



Don't risk regulatory considerations

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

Ready to act?

800.876.7548

HealthEquity.com/pop

One Partner. Total Solution.

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



HSA



FSA



HRA



Commuter



COBRA



Wellbeing

¹The POP is not limited to PPO plans. It can encompass other types of group medical plans as well. | ²Based on an average 20% Federal, 7.65% FICA, and 3% state tax rate. Actual savings will depend on individual taxable income and tax status. | ³Based on employer's matching FICA tax rate of 7.65%. | ⁴HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules. | HealthEquity does not provide legal, tax or financial advice. Always consult a professional when making lifechanging decisions. Copyright © 2024 HealthEquity, Inc. All rights reserved.

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 _____
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)
 - HSA contributions that are made through payroll deduction
 - Disability insurance (pre-tax premium or benefit, but not both)
9. Total number of employees _____
10. Do you have an HSA? _____ Who is your HSA provider? _____

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 (billed at the end of each Plan Year).

Implementation Fee \$ _____ (call for a quote)

Annual Compliance Fee (billed at the end of each Plan Year) \$ _____ (call for a quote)

Client signature _____ Date _____

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

Payment option: Check or Credit Card. **Check:** Scan a copy of the check and send with this application to pophelp@healthequity.com. Please mail live check, payable to HealthEquity to PO Box 870725, Kansas City, MO 64187-0725

Credit Card: Scan application to pophelp@healthequity.com. Once the account has been generated and documents published (24-48hrs), you will receive an email with instructions to access your account and invoice Online. Credit card payment is due upon receipt through the Online portal. Failure to pay will result in termination of account and voided documents.

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.

Scan and email this completed form to pophelp@healthequity.com. Questions? Call 800-876-7548 (Weekdays, 8 a.m. – 5 p.m. Central)