

TaxSaver: What it means and how it can benefit you.

It means that your take home pay can be increased because your premiums are deducted before taxes are applied to your income. You are automatically enrolled in TaxSaver, and the deductions you authorize from your pay for insurance are made using this program, unless you specifically request to be removed from it.

This program is governed by Federal regulations and the State's Section 125 plan. It allows your premiums to be deducted from your gross pay prior to calculating taxes. With your gross pay reduced, your taxes are lower, and you end up with more take-home pay. This is not a tax deferral, but permanent tax avoidance for as long as you participate.

Below is an example of how it works assuming the employee is making \$45,000 a year (\$1,730.77 bi-weekly). For federal taxes, step 1(c) is claiming single or claiming married for family. All other steps are blank. For state and county taxes, 1 exemption is being claimed:

	Single		Family	
Bi-weekly gross wage	\$ 1,730.77	\$ 1,730.77	\$ 1,730.77	\$ 1,730.77
CDHP 1 premium	\$ 30.66	\$ 30.66	\$ 92.94	\$ 92.94
Dental premium	\$ 1.32	\$ 1.32	\$ 3.42	\$ 3.42
Vision premium	\$ 0.48	\$ 0.48	\$ 3.36	\$ 3.36
HSA contribution	\$ 50.00	\$ 50.00	\$ 100.00	\$ 100.00
Federal taxes	\$ 125.41	\$ 129.31	\$ 46.57	\$ 56.54
FICA taxes	\$ 126.10	\$ 128.58	\$ 117.13	\$ 124.75
State taxes	\$ 50.71	\$ 51.73	\$ 47.02	\$ 50.16
County taxes	\$ 32.52	\$ 33.17	\$ 30.15	\$ 32.16
Net Pay	\$ 1,313.57	\$ 1,305.52	\$ 1,290.18	\$ 1,267.44
Taxsaver Savings	\$ 8.05		\$ 22.74	

What difference does it make? If you have family coverage, you save approximately **\$22** every two weeks or **\$590** a year!

Each person's tax situation is unique so it is recommended that you seek professional tax advice to understand exactly what it will mean for you.

If you have a payroll deduction for insurance, you can participate. The first \$50,000 of basic life insurance coverage will also be included in the TaxSaver program. Because the TaxSaver program affects your taxable wage, Federal regulations restrict when participating employees can change coverage. This means your ability to change benefit coverage is restricted to federally approved "qualifying" events; for example: marriage, divorce, birth, or adoption, and change in employment status.

If you have questions, call the Benefits Hotline at 317-232-1167 (within Indianapolis) or 1-877-248-0007 (outside Indianapolis).