

Do you know what it means to pay your health insurance premiums using Tax saver?

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 Tax saver, and the deductions you authorize from your pay for health insurance during Open Enrollment are made using this program, unless you specifically request to be removed from it.

This program is governed by Federal regulations. It allows your premiums to be deducted from your gross pay prior to taxes being calculated. 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.

Example: assume in both single and family you make \$35,000 a year (\$1346.15 every two weeks).

Single: you claim 1 exemption on your state and federal taxes. You put \$50 in your HSA account.

Married: you claim 2 exemptions on your state and federal taxes. You put \$100 in your HSA account.

If you select the CDHP 1 plan with an HSA, what difference does it make in your take home pay if you select Tax saver? If you have family coverage, you save approximately \$28.00 every two weeks or \$728 a year!

Example using CDHP 1 / HSA	Single		Family	
	Tax saver	After Tax	Tax saver	After Tax
Bi-weekly gross pay	\$1,346.15	\$1,346.15	\$1,346.15	\$1,346.15
CDHP 1	\$3.62	\$3.62	\$10.16	\$10.16
HSA	\$50.00	\$50.00	\$100.00	\$100.00
Federal taxes	\$144.03	\$152.08	\$64.74	\$80.93
FICA taxes	\$73.03	\$76.06	\$69.83	\$76.06
State taxes	\$42.64	\$44.46	\$39.41	\$43.15
County taxes	\$20.32	\$21.18	\$18.78	\$20.56
Net pay	\$1012.51	\$998.75	\$1043.23	\$1015.29
Tax saver savings	\$13.76		\$27.94	

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

If you have a payroll deduction for health insurance you can participate. Moreover, if your base annual wage is \$33,000 or less you can also have your basic life insurance payroll deduction on the Tax saver program. Because the Tax saver 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, or a 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).