

news

Increase your Take-Home Pay and Improve your Benefits with MN Clerical's Section 125 Cafeteria Plan!

Urgent: You must elect or waive participation before July 15, 2010!

➔ Effective August 1, 2010 MN Clerical's Section 125 Cafeteria Plan will allow employees to use pre-tax dollars to pay for individual/family health insurance premiums and dependent-care expenses!

➔ Choose from a wide selection of Minnesota health insurance plans and have your premiums deducted from your paycheck on a pre-tax basis!



➔ Because these Section 125 expenses are paid with pre-tax dollars, you are taxed on a lower gross salary, thereby saving money that would otherwise be spent on federal, state and FICA taxes...and you take home more pay!

➔ As in the past, you may continue to pay for other voluntary benefits (dental, vision, short & long-term disability, accident, cancer/critical illness, etc) on a pre-tax basis!

- ✓ **Please remember to complete the Election/Waiver Form included in this packet.** If you are waiving participation, we still need your completed form back before July 15, 2010.
- ✓ An InsuranceSmart representative will be contacting you in the next few days to go over your options. You may also contact Ron or Dean at 763-550-0638 for more details and/or rates.

FLEXIBLE SPENDING ACCOUNT SAVINGS EXAMPLE

Follow this real-life example of a MN Clerical Employee to learn how Section 125 can increase your take-home pay.

I am married filing jointly, with soon to be 2 sons. My flexible expenses are listed below. We contribute to an HSA account for dental expenses and out of pocket medical.

Type of Expense	Per month	Per year
Dependent Care	\$1,080	\$12,960 <i>Maximum allowed amount is \$5000/yr</i>
Individual HSA-qualified Health Insurance Premium	\$380.30	\$4,563.60
Colonial Hospital/Indemnity Plan Premium	\$46.40	\$556.80
	TOTAL	\$10,120.40

By contributing the maximum amount allowed, I save FICA (7.65% x \$10,120 = \$774.21) and by taking it out pre-tax it lowers my taxable income from the 25% tax bracket to the 15% tax bracket saving me (25% x \$10,120 = \$2,530)

*So although it takes me an extra 3-4 days to receive my flexible money (which I request to have automatically deposited into my checking account), **A Flex Plan saves me \$3,304.21 a year in taxes!** I still take an additional \$1,000 worth of standard daycare deduction.*

If I did not have the access to a Flex Plan I would only be able to take the standard daycare deduction and be able to deduct medical expenses over 7.5% of my AGI. My family does not meet the 7.5% of our Adjusted Gross Income for medical expenses and would not be able to deduct any of it.

HOW MUCH WILL YOU SAVE?

Minnesota Clerical, Inc. Benefits Election/Waiver Form

Date ____/____/____

Part A - Employee and Family Member Information

Last Name _____	First Name _____	Age _____	Spouse's Age _____
Home Address _____		# of Dependents _____	
City, State and Zip _____			
Phone Number _____			
Email Address _____			

Part B - Plan Election and/or Waiver

Please check the boxes to indicate your plan election(s) and/or waiver(s) below.

Plan Name	Elect Single Coverage	Elect Family Coverage	Waive Coverage
Flexible Spending Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vision Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accident Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cancer/Specified-Disease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hospital Confinement Indemnity or Sickness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hospital Intensive Care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part C - Signature

Your Signature _____ Date _____

Whether you are electing or waiving coverage, **please return this form before July 15, 2010.** Once the Plan Administrator (InsuranceSmart) receives this election/waiver form, a representative will contact you to discuss your enrollment in more detail.