

Date: ___/___/___

Dear Employee:

By reading this letter you can *increase* your take-home pay!

We're pleased to offer a Premium Only Plan (P.O.P.) that allows you to make your employee premium contribution(s) to our group insurance plan(s) on a *pre-tax* basis beginning ___/___/____. This means your premium payments will be deducted from your gross income before income and Social Security taxes are calculated. By lowering your taxable income, you'll lower your taxes and take home more money in each paycheck.

The chart below makes the *money-saving* difference clear:

	After-Tax Payment	Pre-Tax Payment
Annual Income	\$25,000	\$25,000
Pre-Tax Benefit Contributions (based on \$50/month contribution)	0	(600)
Taxable Income	25,000	24,400
Estimated Taxes (30%)	(7,500)	(7,320)
Net Income After Taxes	17,500	17,080
Regular After-Tax Benefit Contribution (based on \$50/month contribution)	(600)	0
Net Annual Take Home Pay	\$16,900	\$17,080
INCREASE IN ANNUAL TAKE HOME PAY		<u>\$180</u>

Please take a few moments to review the Summary Plan Description (SPD) included with this letter for a more detailed explanation of the P.O.P. Plan.

Participation in the P.O.P. Plan is voluntary. However, because it costs you nothing and helps increase your take home pay, it is an important option to consider. Remember that once you have made an election, you cannot change it until the next year's benefits enrollment (unless you have a qualifying change in status).

Every company is looking for ways to reduce taxes. We are also doing everything we can to help you reduce *yours!*

Sincerely,

Human Resources Department

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