



## Cafeteria Plans and the Holston Conference

Coming in October and November during open enrollment...

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### Why Have It? What Is It?

**Officially:** A Section 125 Cafeteria Plan is a program a company adopts for its employees. It lets them choose from a menu of benefits, often paying for those benefits with tax-free dollars.

**Benefits:** Paying for insurance programs along with out-of-pocket medical expenses and child care costs can **lower taxes** and could lower the tax bracket.

### How It Works:

<u>Paycheck Illustration without A Cafeteria Plan</u>		<u>Paycheck Illustration with A Cafeteria Plan</u>	
Gross Paycheck:	\$1,000.00	Gross Paycheck:	\$1,000.00
Taxes @ 22%:	\$ -220.00	Insurance:	\$ -100.00
Subtotal:	\$ 780.00	Subtotal:	\$ 900.00
Insurance:	\$ -100.00	Taxes @ 22%:	\$ -198.00
<b>Spendable Paycheck:</b>	<b>\$ 680.00</b>	<b>Spendable Paycheck:</b>	<b>\$ 702.00</b>
<b>Increase in Paycheck: \$22.00 per check</b>			

### IRS Requirements of the Holston Conference:

- Cafeteria Plan Documents on file
- Resolution (Adoption) of a Cafeteria Plan
- Summary Plan Description showing the benefits being offered
- Employees being made aware of the benefits being offered
- 365-day plan
- Changes made once per year

Aflac representatives will provide the required documentation for free as well as educate each employee on their tax savings and benefits programs.

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Coming next week... With what programs can you save tax dollars??