

TAXSAVER PROGRAM

Taxsaver is a State of Indiana benefit program which allows employees to have certain premiums (such as health insurance premiums) deducted on a pre-tax basis, thereby reducing the total taxable income and increasing take-home pay. This program is governed by Federal regulations, Section 125 of the Internal Revenue Code. This is not a tax deferral, but permanent tax reduction for as long as you participate.

You are automatically enrolled in Tax saver and the deductions you authorize from your pay for health insurance are made using this program, unless you specifically request not to participate. You can change your Tax saver participation each year during the annual open enrollment or if you experience a qualifying event that allows a change in benefit coverage selections.

Example: Let's assume you make \$35,000 a year (\$1346.15 every two weeks) and you claim 3 exemptions on your state and federal taxes and that you are enrolled in the Anthem Traditional II plan. If you have family coverage, you save almost \$43 every two weeks or \$1112 a year.

Example using Traditional 2	Single		Family	
	Taxsaver	After Tax	Taxsaver	After Tax
Bi-weekly gross pay	\$1,346.15	\$1,346.15	\$1,346.15	\$1,346.15
Anthem Traditional 2 deduction	\$ 56.13	\$ 56.13	\$ 154.37	\$ 154.37
Federal taxes	\$ 105.01	\$ 113.43	\$ 44.22	\$ 67.38
FICA taxes	\$ 98.69	\$ 102.98	\$ 91.17	\$ 102.98
State taxes	\$ 39.94	\$ 41.85	\$ 36.60	\$ 41.85
County taxes	\$ 19.38	\$ 20.31	\$ 17.76	\$ 20.31
Net pay	\$1,027.01	\$1,011.46	\$1,002.03	\$ 959.27
Taxsaver savings	\$ 15.55		\$ 42.76	

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 premium deducted on a pre-tax basis through the Tax saver program. The Internal Revenue Service does not allow higher amounts of life insurance to be paid for with before-tax dollars. The Tax saver program applies to family vision premiums automatically.

Because participation in the Tax saver program affects your taxable wage, Federal regulations restrict when employees can change coverage levels affecting premiums. 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. Please review information in the Qualifying Events document for more information

If you do not participate in the Tax saver program, you may drop your coverage at anytime during the year, but you must meet the requirements for qualifying events if you want to re-enroll outside of the annual open enrollment period.