Date



STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY DIVISION OF PENSIONS & BENEFITS

DECLINATION OF PREMIUM OPTION PLAN (POP) FOR PLAN YEAR 2018

If you WANT TO PARTICIPATE in the POP for Plan Year 2018 do not complete this form. Enrollment will be automatic.

If you DO NOT WANT TO PARTICIPATE in this plan, that is, if you want your health benefits and dental contributions and premiums fully taxed, complete the form below and return it to your campus Human Resources Office. Be sure to request the cut-off date for returning your completed form.

PLEASE CAREFULLY READ THE INFORMATION ON THE REVERSE SIDE OF THIS FORM.

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Signature

Premium Option Plan (POP) for Plan Year 2018

The Premium Option Plan (POP) is a benefit available to State employees eligible to participate in the State Health Benefits Program (SHBP) under the State's Tax Savings Program. The POP allows you to save money by paying any dental or medical contributions or premiums for your SHBP coverages with before-tax dollars; you won't have to pay federal income taxes, Medicare, or Social Security taxes on money earned which is used to pay contributions or premiums. Since, through POP, you pay less in taxes, enrollment in the plan for 2018 will be automatic unless you decline enrollment by completing the form on the reverse side of this page and returning it to your benefits administrator by October 31, 2017.

A summary of the advantages and disadvantages of the POP are shown below.

ADVANTAGES

Increase your take-home pay by reducing your federal taxes.

You will not have to pay federal income taxes, Medicare, or Social Security taxes on money earned which is used to pay contributions or premiums.

DISADVANTAGES

May reduce your Social Security wage base. For those employees approaching Social Security age, this may slightly affect your Social Security payments when you eventually collect them.

If you participate in the POP, you will not be able to deduct your medical or dental contributions or premiums on Schedule A of your federal income tax return.

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Take Home Income With and Without POP								
Individual participating in POP								
Net Biweekly Salary*	\$2,000.00							
Less Medical/Rx Contribution**	163.34							
Less Dental Premium**	25.68							
Taxable Salary	\$1,810.98							
Less Estimated Taxes: Federal	185.84							
FICA	138.53							
Salary after Taxes	\$1,486.61							
Spendable Income with POP	\$1,486.61							
Individual NOT participating in POP								
Net Biweekly Salary*	\$2,000.00							
Taxable Salary	\$2,000.00							
Less Estimated Taxes:								
Federal	214.20							
FICA	153.00							
Salary after Taxes	\$1,632.80							
Less Medical/Rx Contribution**	163.34							
Less Dental Premium**	25.68							
Spendable Income without POP	\$1,443,78							

Additional Spendable Biweekly Income with POP

Spendable Income with POP

\$42.82

\$1,486.61

Annual Savings with POP***

\$1.113.32

Salary after pension (414h) deduction of 7.34%.

Spendable Income without POP \$1,443.78

- Medical/Rx Contribution based on NJ DI-RECT15 2017 Plan Year rate for Family coverage — State Biweekly contribution rate from December 24, 2016, through December 27, 2017. Dental Premium based on Dental Expense Plan 2017 Plan Year rate for Family coverage (26 pay periods).
- Savings based on a Married person with zero allowances at the 15% federal tax bracket. FICA calculated at 7.65% of taxable salary. At higher tax brackets, the annual savings would be greater.