

POP INSIGHTS

Your Source for Information on IRS Section 125 Premium Only Plans



In This Issue

- What benefits are included in the POP?
- 2019 HSA Index Figures
- Frequently Asked Questions

Tax treatment of health coverage provided for domestic partners

Under federal law, if a participant's (non-spouse) domestic partner does not qualify as the participant's tax dependent, then the portion of the premiums the employer pays for the coverage of the participant's domestic partner will be included in his/her gross income, subject to federal income tax withholding and employment taxes. This amount will be reported on his/her Form W-2.

Participants may not pay the domestic partner's portion of the premiums on a pre-tax basis through the Premium Only Plan (POP) unless the domestic partner qualifies as the participant's Internal Revenue Code Section 152 tax dependent or is legally married.



Reminder: Don't pre-tax until you've received and signed your POP documents.

What benefits are included in the POP?

All the benefits listed below are included in this plan whether or not you currently offer them.

Health Plan

Premiums that are payroll deducted on a pre-tax basis may include low-deductible or high-deductible medical insurance, dental and vision insurance, critical illness insurance, accidental death/dismemberment (ADD) insurance, hospital indemnity, and cancer insurance. Individually-owned policy premiums may not be paid with pre-tax dollars through the Premium Only Plan.

Group-Term Life Insurance up to \$50,000

The \$50,000 limit must include any employer-provided group-term life insurance coverage. For example, if the employer provides \$20,000 of group-term life insurance for employees, then participants in the POP can payroll deduct premiums on a pre-tax basis for up to \$30,000 of additional coverage.

Disability Plan

Short-term and long-term disability policies. If payroll deducted on a pre-tax basis, any future benefits received will be taxable to the employee. Therefore, under most circumstances, it is recommended that disability premiums NOT be included in the plan.

Health Savings Account (HSA)

Allows employees to make contributions by pre-tax payroll deduction to their individually-owned HSA. Employers may also make contributions to the employee's HSA plan on each employee's behalf, in the manner set forth in the Plan.

Note: Premiums for "cash-value" and "return of premium" types of insurance may NOT be deducted on a pre-tax basis from employee paychecks. Products with a "cash-value" feature include: whole life insurance, universal life insurance and variable life insurance. Products with a "return of premium" feature include certain critical illness and cancer policies.

IRS Announces Increased 2019 HSA Index Figures

The IRS released the Health Savings Account (HSA) index figures for 2019. The 2019 index includes increases to most HSA amounts compared to 2018.

The IRS provides this release to help plan sponsors and participants budget for the upcoming year. See the table below for details and the IRS Revenue Procedure publication (RP-2018-30) for the text of the 2019 index figures.

2019 Health Savings Account Index Figures

| | 2018 | 2019 |
|---|----------|----------|
| Minimum deductible amounts for the qualifying high-deductible health plan (HDHP) | | |
| Individual coverage | \$1,350 | \$1,350 |
| Family coverage | \$2,700 | \$2,700 |
| Maximum contribution levels | | |
| Individual coverage | \$3,450 | \$3,500 |
| Family coverage | \$6,900 | \$7,000 |
| Catch-up contribution allowed for those 55 and over | \$1,000 | \$1,000 |
| Maximums for HDHP out-of-pocket expenses | | |
| Individual coverage | \$6,650 | \$6,750 |
| Family coverage | \$13,300 | \$13,500 |

[Click here](#) for a chart containing historical HSA index figures dating back to 2004.

Frequently Asked POP Questions

What if I receive requests for current Premium Only Plan (POP) documents?

Requests for copies of the most current plan documents may come from your payroll company or even the Internal Revenue Service (IRS). It's important to be prepared if such requests arise. Make sure you have the latest plan documents including signed election forms and results of nondiscrimination tests readily available. You may retrieve your POP document from www.EZPOP.com.

Is there a cash in lieu of benefits option?

Your POP does not have this option in the Section 125 Premium Only Plan. We suggest you contact your legal counsel to add this benefit and ensure compliance with all the POP laws and regulations.

Where are my POP documents, new election forms and nondiscrimination tests?

Your POP documents administered by WageWorks are only available on line at www.EZPOP.com and click on "Employer Login."

More questions? Contact us at www.EZPOP.com or call us at 800.876.7548.

Make Re-Enrollment and Compliance a Snap

Just log onto wageworks.com/ezpop and select employer login

Your POP Kit is an excellent resource for 2019 re-enrollment and compliance information, such as:

- New participant election forms
- An updated Plan Document and Summary Plan Description (SPD)
- Instructions for complying with IRS Regulations on annual nondiscrimination testing
- An IRS Code Sections and Regulations reference