

A Cafeteria Plan allows employees to pay for health plans on a pre-tax basis

- Under Section 125 of the Internal Revenue Code
- Benefits are generally free from federal and state income taxes, and therefore employee's taxable income is reduced, which increases the percentage of their take-home pay by as much as 25 percent or more
- Contributions made to a cafeteria plan are not subject to employment taxes which means employers can save as much as 20 percent for every dollar that passes through the plan

Premium Only Cafeteria Plans

In order for employers to take full advantage of what *One, Mississippi* has to offer, they should have a Section 125 Premium Only Plan (“POP”) in place that allows employees to purchase coverage on a pre-tax basis. Under a POP, employees elect to withhold a portion of their pre-tax salary to pay for their portion of the health insurance premiums. A POP is the simplest type of Section 125 plan and requires little maintenance once it's been set up through your payroll. If you do not have a POP currently in place, any of the below service providers may be able to help:

- Ceridian: <http://www.ceridian.com/resources/compliance-center/affordable-care-act/exchange-coverage-cafeteria-plan.html>
- Core Documents Inc: <http://www.coredocuments.com/core125.php>

You can find out more about the other POP providers that may available by contacting your Agent.

Please see <http://www.ncsl.org/research/health/cafeteria-plans-used-by-states-to-provide-health-i.aspx> for more information on cafeteria plans