

### How employees save using pre-tax deductions

|  | Without IRS Sect. 125 | With IRS Sect. 125 |
|--|-----------------------|--------------------|
| Gross pay per pay period                         | \$1,000.00            | \$1,000.00         |
| Insurance contribution<br>(pre-taxed)            | \$0.00                | \$50.32            |
| Taxable amount                                   | \$1,000.00            | \$949.68           |
| Federal tax                                      | -\$103.00             | -\$95.00           |
| FICA   | \$76.50               | \$72.65            |
| Insurance contribution<br>(not pre-taxed)        | -\$50.32              | \$0.00             |
| <b>Net pay</b>                                   | <b>\$770.18</b>       | <b>\$782.03</b>    |
| Savings per period                               |                       | \$11.85            |
| <b>Total annual savings (26<br/>pay periods)</b> |                       | <b>\$308.10</b>    |