

Pretax benefits pay off for everyone



If you pay 10 employees \$1,000/week before taxes,



and every employee pays 25% income tax and pays \$60 per week for their benefits in pretax payroll deductions,



All at little to no cost to your business — just by allowing your employees to pay their premiums with pretax dollars.

Offering Aflac supplemental insurance plans as part of your cafeteria plan can help with your tax savings strategy.

Cafeteria plan 101

- A cafeteria plan is an employer-sponsored arrangement that allows employees to pay for certain types of benefits on a pretax basis through salary reduction.
- These plans can provide considerable flexibility to employers when designing a plan and to employees when choosing from the benefits offered under the plan.
- The key advantage of using a cafeteria plan is that the amount of salary reduction used to pay for qualifying benefits is excluded from the employee's taxable income for federal tax purposes. The salary reduction amount is also excluded from wages for purposes of both the employer and employee shares of payroll taxes.
- In addition to being tax advantageous, cafeteria plans can help employers attract and retain talent. Employees today place great emphasis on having access to flexible benefits.

Learn more by visiting www.aflac.com/business.



¹ Based on a 25% income tax rate on \$1,000/week gross payroll, employees would have \$705 net spendable income with a \$60 pretax benefits contribution, a \$15 weekly savings compared with \$690 with no pretax benefits contribution. Over 52 weeks, that totals \$780 for a year.

² Based on 10 employees earning \$1,000/week gross payroll and a 7.65% FICA employer tax rate, employers whose employees elect \$60 weekly in pretax benefits contributions would have \$488,800 in taxable payroll (\$37,393 tax burden), compared with \$520,000 (\$39,780 tax burden) for employers whose employees did not elect pretax benefits contributions.

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