

Section 125 Medical Premium Election Form

IRS Code section 125 makes it possible for employers to offer their employees a choice between having **their out-of-pocket medical premiums paid on a pre-tax or after-tax basis.**

If the employee chooses to have medical premiums deducted on a pre-tax basis, the contribution paid is not actually received by the employee. Therefore, those contributions are not considered wages for federal income tax purposes. In addition, those sums are not subject to Social Security Tax and Federal Unemployment Tax. The employee will never pay income tax on out-of-pocket medical premiums under this election.

If the employee chooses to have medical premiums deducted on an after-tax basis, the contribution will be made after all applicable wages have been subjected to Federal Withholding Tax, Social Security Tax and Federal Unemployment Tax.

Please check one of the following:

- I choose to have my out-of-pocket medical premiums taken out on a pre-tax basis.
- I currently do not pay for medical insurance premiums, however if I ever do have to pay a portion of my premiums, up and beyond what pooling covers, I would want them to be taken out on a pre-tax basis.
- I choose to have my out-of-pocket medical premiums taken out on an after-tax basis.

This election will stay in effect as long as you are employed with this School District or until you notify Personnel/Payroll in writing of a change.

Employee Name (printed): _____ Building: _____

Employee Signature: _____ Date: _____