



Defined Contribution Employer Health Benefits



Tax-free Individual Health Insurance

www.ZaneAffiliates.com

Agenda

- 1. What most people do not know**
- 2. About Zane Benefits**
- 3. How Zane's Software works**
- 4. Employee tax savings examples**

What most people do not know

- 1. Employees can reimburse themselves for individual health insurance with pre-tax salary...** *(Section 125... see new PRA regulations)*
- 2. Employers can reimburse employees' individual health insurance costs tax free...** *(Section 105... see Publication 969, HRAs)*

When you bring these 2 concepts together, you have a plan that functions *like* a group plan.

And, individual insurance policies are put on the same “tax” playing field as group policies.

About Zane Benefits

Founded in 2006 by Paul Pilzer who previously founded Extend Health (1999).

The goal is to provide small businesses with an alternative to group health insurance – “defined contribution”.

Created online platform (The “Zane Software”) to manage tax-free individual policies at the work place in compliance with federal (IRS, HIPAA, ERISA) and state (small group) law.

Zane does not sell health insurance.

How Zane's Software Works

During this webinar, we will walk through the following:

1. How it works for an employee
2. How it works for an employer
3. *Recurring Claims* – the basis for the employee “account”
4. *Payroll Reimbursement* – the basis for the employer “account”

Once we walk through the key pieces, we will bring it all together.

How Zane's Software Works – Employee

With Zane products, employees...

1. make their “own” decision to purchase health insurance.
2. have a direct relationship with the insurance company.
3. pay insurance premiums out of their own checking account.

How Zane's Software Works – Employer

With Zane products, employers...

1. never get involved with an employee's decision to purchase individual health insurance.
2. remove themselves from the *employee-insurance company* relationship.
3. limit their roles to simply reimbursing employees' approved medical expenses as directed by the Zane Software.

How Zane's Software Works – Claims

Since the employee pays the bill, how does he pay for his policy tax free?

An employee can use the same receipt to receive tax-free reimbursement of a “recurring expense” for up to 12 months if:

1. The provider of service does not change, and
2. The cost of service does not change.

An insurance premium is a “recurring expense” that only requires one receipt per year for tax-free reimbursement!

How Zane's Software Works – Payroll

Every company has a payroll system in place.

This makes payroll the ideal mechanism for tax-free reimbursement.

With the Zane Software, employers use their existing payroll service to add pre-tax reimbursements to employees' paychecks.

This takes less than 5 minutes per month.

How Zane's Software Works – Summary

Bring it all together...

Here's how Zane's Software works:

1. The employer creates the plan online and enrolls employees (this takes less 20 minutes).
2. Employees purchase health insurance, pay the bill themselves, and “add the policy” to the Zane Software.
3. Each month, the Zane Software tells the employer: (1) how much to withhold pre-tax, and (2) how much to reimburse tax-free.

Employee Savings Example (\$0/mo ZanePRA)

John pays 30% of his salary in taxes and has a \$300/mo policy

Monthly Take Home Pay <i>without ZanePRA</i>		Monthly Take Home Pay <i>with ZanePRA</i>	
Salary.....	\$4,000	Salary.....	\$4,000
		Pre-tax ZanePRA deduction.....	-\$300
Taxable Salary.....	\$4,000	Taxable Salary	\$3,700
Taxes (30%).....	-\$1,200	Taxes (30%).....	-\$1,110
		Tax-free ZanePRA addition.....	+\$300
Net take home pay.....	\$2,800	Net take home pay.....	\$2,890

Net Savings: \$1,080/year

Employee Savings Example (\$150/mo ZaneHRA)

John pays 30% of his salary in taxes and has a \$300/mo policy

Monthly Take Home Pay <i>Without ZaneHRA</i>		Monthly Take Home Pay <i>With ZaneHRA</i>	
Salary.....	\$4,000	Salary.....	\$4,000
Taxable Salary.....	\$4,000	Taxable Salary	\$4,000
Taxes (30%).....	-\$1,200	Taxes (30%).....	-\$1,200
		Tax-free ZaneHRA addition.....	+\$150
Net take home pay.....	\$2,800	Net take home pay.....	\$2,950

Net Savings: \$1,800/year