



STERLING HSA®
HEALTH SERVICES ADMINISTRATION

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Premium Only Plan Document Service

Section 125 Premium Only Plans (POP Plans) are a great way to save employers and employees money. POP Plans reduce income tax liabilities for both the employer and employee by allowing employees to pay their portion of medical insurance premiums and HSA contributions on a pre-tax basis.

Employee Benefits

Employees can often realize 30% to 40% in tax savings because contributions to the POP are exempt from all Federal and state payroll taxes. Of course actual savings will vary depending upon the employee's tax situation. As a result of tax savings, take home pay is increased by reducing gross taxable wages.

Employer Benefits

Employers also realize savings by offering a POP to employees. About 10% tax savings is a good estimate as a result of lower Social Security, Medicare, Federal and state unemployment and, worker's compensation taxes, depending on the state. The savings add dollars to the employer's bottom line.

POP Plan Services Offered by Sterling

To set up a POP Plan, the following questionnaire needs to be completed and returned to Sterling HSA. Be sure to check the box indicating whether you choose the Basic or Comprehensive POP. Once we have processed the employer's questionnaire, we will produce the following POP Plan documents for the employer's records and for distribution to employees who participate in the POP.

- POP Plan document
- Adoption Agreement
- Summary Plan Description (SPD)

Return the completed questionnaire to Sterling HSA by email to customer.service@sterlinghsa.com) or fax to 877-517-4729. Payment of \$175 or \$350 must also be received by Sterling to finalize processing and setup of your POP Plan. Please send your payment to the following address and make the check payable to Sterling HSA.

Please send your payments to:

Sterling HSA
P.O. Box 71107
Oakland, CA 94612

Disclosure Statement: Sterling Health Services Administration provides the documents to establish the POP Plan, but employers are advised to review the documents with their legal counsel and direct legal questions there.

TO CREATE YOUR PREMIUM ONLY PLAN (POP) DOCUMENT, STERLING HSA NEEDS THE FOLLOWING INFORMATION. PLEASE COMPLETE THIS FORM IN ITS ENTIRETY. ALL INFORMATION IS NECESSARY FOR DOCUMENT CREATION. PLEASE RETURN YOUR COMPLETED APPLICATION TO US VIA EMAIL: CUSTOMER.SERVICE@STERLINGHSA.COM OR VIA FAX TO: 877-517-4729.

Section 1 – Company Information:

Company Name: _____ Phone: _____

(Full and complete legal business name)

Street: _____ Fax: _____

City: _____ State: _____ Zip: _____

Employer's Taxpayer Identification Number: _____

State of Organization or Incorporation: _____

Plan Sponsor Fiscal Year End Date: _____

Type of Entity:

C CORPORATION

S CORPORATION

NON-PROFIT

SOLE PROPRIETORSHIP

PARTNERSHIP LLC

UNION

PARTNERSHIP LLP

Name of the representative of the parties who established or maintain the Plan:

GOVERNMENTAL AGENCY

OTHER: _____

NOTE: S Corporation shareholders, partners, sole proprietors, and members of a Limited Liability Company generally cannot participate in the POP.

The following affiliated employers will adopt this Premium Only Plan as Participating Employers (if there is more than one, or if Affiliated Employers adopt this after the date the Adoption Agreement is executed, attach a list to this Adoption Agreement of such Affiliated Employers including their names, addresses and taxpayer identification numbers):

N/A

Name of Affiliated Employer(s) _____

Is this a controlled group (company owned or another company)?

YES NO

If yes, enter name of company owned by: _____

Section 2 – Contact Information:

Primary Contact: (For contact regarding contracts, legal documents, daily administration, invoicing and plan renewal)

Contact Name: _____ Title: _____

Contact Phone: _____ Contact Email: _____

Additional day-to-day contact if applicable:

Name: _____ Title: _____

Phone: _____ Email: _____

Lead Broker Contact:

Broker Name: _____ Agency Name: _____

Broker Contact Phone: _____ Broker Contact Email: _____

Section 3 – Plan Information:

On the line below, enter the 3-digit plan number (sometimes called the health and welfare plan number) the employer or plan administrator assigned to the plan. This 3-digit number, in conjunction with the employer identification number (EIN), is used by government agencies as a unique 12-digit plan identification number. Sterling needs this information so that we can assign a unique plan number to each plan we create for employers. This number will appear in your plan documents that we produce and send to you. It is important not to duplicate a plan number if it has been used for any other benefit plan (even one that has been terminated). Having an accurate plan number is critical for IRS form 5500 filing (if required). Once you use a plan number, continue to use it for that plan for all future filings with government agencies. Health & Welfare Plan numbers should begin with 501 and increase with each subsequent Plan.

Health & Welfare Plan Number: _____

NEW POP **RENEWAL POP** Restatement of a previously adopted Plan _____

Original effective date: _____

Effective Date: _____

Plan Year – plan year means each 12 consecutive month period during which expenses can be incurred.

Plan Year Dates _____ to _____

The plan has a short plan year: Yes, the short plan year begins _____ and ends on _____

No

Total number of employees in your company: _____

If you reach 20 employees or 50 employees prior to your next Plan renewal period, it is your responsibility to notify Sterling so we may add newly applicable COBRA or FMLA language to your Plan Documents.

Total number of eligible employees in your company: _____

Sterling offers two types of POP Plans - Basic and Comprehensive:

- **Basic POP** - includes a self-serve tool to perform nondiscrimination testing. This is a complementary tool provided to Sterling HSA clients to assist with understanding and performing the required nondiscrimination testing for a Premium Only Plan. The employer group performing this test is responsible for entering data accurately and ensuring formulas are not altered. Sterling HSA cannot guarantee that results gained from this tool are true and correct and is not liable in the event results prove otherwise at a future date. The set-up fee is \$175.
- **Comprehensive POP** - includes nondiscrimination testing and is a good value for employers who do not have internal legal counsel, accounting or other appropriate resources to complete the nondiscrimination testing. In order to perform nondiscrimination testing for our clients, Sterling requires certain information to be provided by the company. If the client does not provide this information in a timely manner, any resulting lack of compliance is not the responsibility of Sterling HSA. The set-up fee is \$350. Annual renewal is also \$350.

PLEASE NOTE: There is a \$50 per hour charge for client requested changes to Plan documents after initial set-up. This applies to all changes after the first 30 days.

Choose the POP Plan:

BASIC: \$175 set-up fee (includes self-serve nondiscrimination testing)

COMPREHENSIVE: \$350 set-up and annual renewal fee (nondiscrimination testing performed by Sterling)

Select the types of insurance plans offered to employees through the Premium Conversion Account:

EMPLOYER GROUP MEDICAL

EMPLOYER GROUP TERM LIFE

EMPLOYER DENTAL

HEALTH SAVINGS ACCOUNT (HSA)

EMPLOYER VISION

EMPLOYER DISABILITY

(However, if disability premiums are paid pre-tax, benefits received are subject to taxation. Therefore, it is typically preferential to apply taxes to the premiums.)

Eligibility Requirements

The following eligibility requirements apply (choose all that are applicable):

THE EFFECTIVE DATE OF HEALTH INSURANCE COVERAGE

- Part-time employees completing ____ hours of work per week will be included (maximum of 25 hours)
- Seasonal employees completing ____ months of work within a year will be included (maximum of 7 months)
- Current employees completing ____ months of service with the employer will be included (maximum 36 months)
- New employees completing ____ months of service with the employer will be included (maximum 36 months)
- Do you have union employees under a collective bargaining agreement?

Yes No

If yes, will they be eligible to participate?

Yes No

- Is there a minimum age requirement to participate?

Yes No

If yes, what age? _____

CURRENT EMPLOYEES WILL BE ELIGIBLE TO JOIN THE PLAN AS OF THE FIRST DAY OF THE PLAN YEAR

When will newly eligible employees be able to join the plan:

- IMMEDIATELY**
- FIRST DAY OF THE CALENDAR MONTH**
- FIRST DAY OF EACH PLAN QUARTER**
- FIRST DAY OF THE FIRST MONTH AND SEVENTH MONTH OF THE PLAN YEAR**
- FIRST DAY OF THE PLAN YEAR**

If not "immediate", selection of entry date:

- COINCIDENT WITH OR NEXT FOLLOWING** **NEXT FOLLOWING**

Provide for automatic enrollment in the POP for all eligible employees? *Keep in mind that participation in the POP can reduce Social Security benefits.*

- YES** **NO**

Plan Contributions

Will employer contribute to the POP?

YES NO

If yes, what amount will employer contribute to each employee per pay period?

Will employer permit cash in lieu of benefits?

YES NO

Will employer impose limitations?

YES NO _____
(specify dollar amount or percentage of the contribution)

Employer Fees Paid to Sterling

If fee will be paid through a bank ACH, please provide:

Bank Account Number: _____

Bank Routing Number: _____

Application Agreement / Signature

We, the undersigned employer, affirm the accuracy of this application and acknowledge that this application can be relied upon for the preparation of the Premium Only Plan with Sterling Health Services Administration and may be used in preparation of the Summary Plan Description and/or Plan Document. We also agree to indemnify Sterling Health Services Administration and hold Sterling Health Services Administration harmless against any and all loss, damage or lawsuits brought against Sterling Health Services Administration to recover benefits under the plan, unless such actions arise out of the willful act or negligence of Sterling Health Services Administration.

Dated this _____ day of _____ 20 _____

Employer: _____

By: _____ Title: _____

FOR HOME OFFICE USE ONLY

Plan ID #: _____

Notes: