



## HEALTH/DENTAL PRE-TAX/AFTER-TAX PREMIUM OPTION SELECTIONS

**PLAN YEAR – July 1, 2022 – June 30, 2023**

(Fill out & return if you are enrolling or enrolled in health or dental  
indicating if your premiums should be deducted as pre-tax OR deducted as  
after-tax).

**NAME:** \_\_\_\_\_  
*Please print your name*

**Address:** \_\_\_\_\_

**City, State,  
Zip** \_\_\_\_\_

**Contact Ph:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**2021-2022 Enrolling in:**  
(Check the appropriate choice for  
Your premium payroll deductions)

**Health Insurance:**

*Pretax Premium*

*After Tax Premium*

**Dental Insurance:**

*Pretax Premium*

*After Tax Premium*

## Pre-Tax vs. Post-Tax

(Source: <https://budgeting.thenest.com/better-health-insurance-deducted-pretax-after-tax-27991.html>)

The main difference between pretax and after-tax medical payments is the treatment of the money used to purchase your coverage. Pretax payments yield greater tax savings, but after-tax payments present more opportunities for deductions when you file your tax return.

### Pretax Medical Deductions

In a pretax deduction arrangement, your employer deducts the cost of your health insurance from your paycheck before calculating your taxes. Doing so reduces your gross income so you pay less tax. Let's say, for example, that in 2018 you're single and earn \$900 a week. You pay \$200 a week for your health insurance. If you pay your health insurance premiums with after-tax dollars, your employer will withhold \$104.32 from your paycheck for federal income tax. If you pay your insurance with pretax dollars, your employer will deduct your health insurance first and then calculate the tax on \$700 rather than \$900. The result is that you'll pay only \$71.82 in income tax.

### Post-Tax Medical Deductions

Post-tax deductions define any health insurance premiums or health care costs you pay with after-tax dollars. If your employer deducts the cost of your health insurance from your paycheck after figuring the tax, you have a post-tax plan. You also have a post-tax plan if you purchase your own insurance from a source other than your employer. Unless you have a health savings account, any copays, prescription costs and payments you make before meeting your deductible are also post-tax medical expenses.

### Tax Benefit Timing

The choice between a pretax plan and a post-tax one has consequences on April 15. If you opt for pretax deductions, the amount of income tax you owe gets reduced. The taxes you've paid throughout the year were already lowered to account for your health insurance costs, so don't expect another break come tax time. If, however, you paid for your insurance and other health care costs with after-tax dollars, you can deduct these expenses on your tax return.

If you need to see more money in every paycheck, you'll benefit most from paying your health insurance with pretax dollars. If you would rather try and get a bigger tax refund at the end of the year, post-tax health care payments may work better for you, especially if your health care costs are very high.

### Tax Break Limits

Before you opt for the post-tax payment option and start mentally sending your tax refund, take a moment to understand how the IRS limits your health care deduction. Although you can deduct almost any post-tax medical expense you pay, including your health insurance premiums, the IRS doesn't hand out free deduction passes. As of 2018, the IRS allows you to deduct only the portion of your medical expenses that exceeds 7.5 percent of your adjusted gross income. Starting in 2019, they will allow deductions only for medical costs that exceed 10 percent of your income.

Note also that you can only deduct your post-tax medical expenses if you itemize. If your itemized deductions add up to less than the standard deduction, you will benefit more from a pretax health care plan. Crunching the numbers or asking your accountant to do so is the best way to decide which health care payment method will provide the most benefit for you and your family.