



**Premium Option Plan (POP) for  
Plan Year 2025**

The Premium Option Plan (POP) is a benefit available to State employees eligible to participate in the State Health Benefits Program (SHBP) under the State’s Tax\$ave Program. The POP allows you to save money by paying any dental or medical contributions or premiums for your SHBP coverages with before-tax dollars; you won’t have to pay federal income taxes, Medicare, or Social Security taxes on money earned which is used to pay contributions or premiums. Since you pay less in taxes through POP, enrollment in the plan for 2025 will be automatic unless you decline enrollment by completing the form on the reverse side of this page and returning it to your benefits administrator by October 31, 2024.

**A summary of the advantages and disadvantages of the POP are shown below.**

**ADVANTAGES**

- Increase your take-home pay by reducing your federal taxes.
- You will not have to pay federal income taxes, Medicare, or Social Security taxes on money earned which is used to pay contributions or premiums.

**DISADVANTAGES**

- May reduce your Social Security wage base. For those employees approaching Social Security age, this may slightly affect your Social Security payments when you eventually collect them.
- If you participate in the POP, you will not be able to deduct your medical or dental contributions or premiums on your federal income tax return.

**Take Home Income With and Without POP**

**Individual Participating in POP**

Net Biweekly Salary*	\$2,000.00
Less Medical/Rx Contribution**	44.23
Less Dental Premium**	55.59
<b>Taxable Salary</b>	<b>\$1,900.18</b>
Less Estimated Taxes:	
Federal	134.94
FICA	145.36
<b>Salary after Taxes</b>	<b>\$1,619.88</b>
<b>Spendable Income <u>with</u> POP</b>	<b>\$1,619.88</b>

**Individual Not Participating in POP**

Net Biweekly Salary*	\$2,000.00
<b>Taxable Salary</b>	<b>\$2,000.00</b>
Less Estimated Taxes:	
Federal	146.92
FICA	153.00
<b>Salary after Taxes</b>	<b>\$1,700.08</b>
Less Medical/Rx Contribution**	44.23
Less Dental Premium**	55.59
<b>Spendable Income <u>without</u> POP</b>	<b>\$1,600.26</b>
<b>Spendable Income <u>with</u> POP</b>	<b>\$1,619.88</b>
<b>Spendable Income <u>without</u> POP</b>	<b>\$1,600.26</b>

<b>Additional Spendable Biweekly Income with POP</b>	<b>\$19.62</b>
<b>Annual Savings <u>with</u> POP***</b>	<b>\$510.12</b>

\* Salary after pension (414h) deduction of 7.5 percent.

\*\* Medical/Rx Contribution based on NJ DIRECT15 Plan Year 2024 State Biweekly contribution rate for Family coverage. Dental Premium based on Dental Expense Plan 2024 Plan Year rate for Family coverage (26 pay periods).

\*\*\* Savings based on a Married person with zero allowances at the 12 percent federal tax bracket. FICA calculated at 7.65 percent of taxable salary. At higher tax brackets, the annual savings would be greater.