

Before Tax vs. After Tax

What is the difference and which one should I choose???

When you have decided to enroll in one of the Weld County medical plans, you will need to decide how you wish to have the premiums deducted from your paycheck. Your first option is to have them taken out Before Tax. If you decide on this option, we will take your gross earnings and deduct your insurance premium. Payroll will calculate your taxes on the adjustment amount of earnings, thus saving you the tax dollars on the amount of the premium. The IRS says if you choose this option, you must stay enrolled in the plan until the next open enrollment period and cannot drop the plan mid-year unless you have a family status change. Examples of a family status change are marriage, divorce, having a new baby or adopting a child, or the involuntary loss of your current coverage. An example of that would be if you are currently covered on your spouse's plan and your spouse changes jobs or their employer discontinues offering medical coverage. If you have a family status change mid-year, you will have a 30 day window of opportunity to make changes in your health plan. You will need to contact me in HR within that 30 day window in order to qualify to make a change.

If you choose the other option, which is the after-tax option, you will have the option to drop your coverage at any time, however, you won't qualify for any tax savings. We will take your gross earnings, calculate your taxes on that amount and then deduct your insurance premium. Remember, you can only add coverage or change plans during Open Enrollment each year or mid-year if you have a qualifying status change.

Contact Staci Datteri-Frey in Human Resources if you have any questions about these options.