

PRE-TAX WAIVER FORM

Dear Fellow Employee:

Knox County Government has a benefit program known as a Section 125 Cafeteria Plan. This plan allows eligible employees that have elected Medical, Dental, Vision, Cancer, Accident, Hospital Indemnity & Intensive Care benefits to pay his/her cost of the benefit with pre-tax salary reductions. This helps you because the benefits you elect are nontaxable; you save Social Security (7.65%), Federal Income (your tax bracket, typically 15% or more) and State Income tax, if you live in a state that has an income tax, on the amount of your payroll deduction for insurance.

Your participation in this plan will be automatic unless you notify us that you wish not to participate in this plan. This means, if you elected **any of the above insurances**, your cost for the coverage will be taken out of your payroll on a pre-tax basis unless you notify HR otherwise.

With this benefit come rules. Because of the tax savings, once we begin this method of pre-tax deduction on **January 1, 2010**, you will not be able to change this amount until a new plan year begins, **January 1, 2011**, unless you experience a "Change in Status" event, such as Marriage, Divorce, Birth of a Child etc. (This will be explained in a Summary Plan Description). Should you experience a "Change in Status" event, you must notify us within **30 days of the change in order to change this pre-tax deduction**.

I hope you will enjoy this benefit and the tax savings.

I wish NOT to Participate in the Pre-tax plan.

Name _____ Date _____

IF YOU SIGN AND RETURN THIS FORM, YOU WILL BE TAXED ON YOUR MEDICAL, DENTAL AND VISION PREMIUMS AND WILL **NOT** HAVE THE BENEFIT OF PAYING FOR THESE ITEMS PRE-TAX.