

PREMIUM ONLY PLAN

This summary plan description, or SPD, outlines the major provisions of DMBA's Premium Only Plan as of January 1, 2025.

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Plan Basics

The Premium Only Plan (POP) may decrease your federal, state, and FICA withholdings and increase your take-home pay by paying for your basic benefits—medical, dental, Group Term Life, Occupational Accidental Death & Dismemberment, and Disability—with a portion of your income before it's taxed.

How It Works

Using pre-tax income for these benefits allows you to take home more income than you would otherwise.

For example, a married employee, participating in a Deseret Value and a Deseret Dental *PLUS* family plan, earning \$75,000 annually, and paying \$2,758.80 in premiums for the plan year, takes home \$714.54 more during that year than an employee not enrolled in POP with the same salary and premiums. The following table shows the tax advantage of enrolling in POP based on this example.

	Employee enrolled in POP	Employee not enrolled in POP
Gross pay	\$75,000.00	\$75,000.00
Basic benefits premiums (POP)	- 2,758.80	- 0.00
Taxable pay	\$72,241.20	\$75,000.00
Federal income taxes	- 5,258.94	- 5,590.00
	\$66,982.26	\$69,410.00
FICA taxes	- 5,526.45	- 5,737.50
	\$61,455.81	\$63,672.50
State income taxes	- 2,622.22	- 2,794.65
Basic benefits premiums (non-POP)	- 1.10	- 2,759.90
Take-home pay	\$58,832.49	\$58,117.95

The increase in take-home pay will vary depending on your situation. You can estimate your personal savings by logging in to www.dmba.com. Navigate to *My Retirement* and under *Financial Planning* select *Financial Calculators*.

Enrolling in POP

Enrollment in POP is automatic. You can decline participation in writing through your human resources department.

If you want to cancel your POP participation after you're enrolled, you can do so during open enrollment of each year. The change becomes effective the following January 1.

If you have a qualified change in family status, you can change your participation at that time by submitting your request in writing. Qualified changes may include any of the following:

- Marriage, divorce, or legal separation
- Birth or adoption of a dependent
- Death of a dependent
- Your spouse beginning or ending employment
- You or your spouse going from full-time to part-time work, or vice versa
- Significant midyear changes in your medical benefits
- Beginning or ending an unpaid leave of absence
- Receiving Disability Plan benefits

How POP Affects Employee Benefits

While POP can ease your tax burden, it can adversely affect your workers' compensation benefit, should you ever need it. Because workers' compensation benefits are based on your taxable income, as POP lowers your taxable income it can also lower your workers' compensation benefit.

However, other employee benefits are calculated on your gross income so your participation in POP will not affect the following benefits that may be available to you from your employer:

- Life plan benefits
- Disability Plan benefits
- Deseret 401(k) Plan benefits
- Master Retirement Plan benefits

If you participate in POP and then become disabled, 100% of your Disability Plan benefit is taxable according to federal regulations. If you choose not to participate in POP and then become disabled, only a portion of your benefit is taxable.

How POP Affects Social Security Benefits

Because you do not pay taxes on the money that goes into POP, a lower salary is reported and both you and your employer contribute less FICA taxes toward your retirement benefits. This may slightly reduce your Social Security benefits after you retire.

Most experts agree that the tax savings more than offset a minor reduction in future Social Security benefits.

Notification of Discretionary Authority

DMBA is the plan administrator and, in its sole discretion, determines appropriate courses of action in light of the reason and purpose for which the plan is established and maintained. In particular, DMBA has full and sole discretionary authority to interpret and construe the terms of all plan documents, including but not limited to the following: resolve and clarify inconsistencies, ambiguities, and/or omissions in all plan documents; make determinations for all questions of eligibility for and entitlement to benefits; determine the status and rights of employees and other persons under this plan; make all interpretive and factual determinations as to whether any individual is entitled to receive any benefits under the terms of this plan; and determine the manner, time, and amount of payment of any benefits under this plan. Benefits will be paid under this plan only if the plan administrator decides in its sole discretion that the individual is entitled to them. All such interpretations and decisions by DMBA shall be final, binding, and conclusive on the employers, the employees, and any other parties affected thereby.

Any interpretation, determination, or other action of the plan administrator shall be given deference in the event the determination is subject to judicial review. Any review by a court of a final decision or action of plan administrator shall be based only on such evidence presented to or considered by DMBA at the time it made the decision that is the subject of the court's review. Accepting any benefits or making any claim for benefits under this plan constitutes agreement with and consent to any decisions that DMBA makes, in its sole discretion and, further, constitutes agreement to the limited and deferential scope of review described herein.

Notification of Benefit Changes

DMBA reserves the right to amend or terminate the plan at any time.

Legal Notice

We have made every effort to accurately describe the benefits and ensure that information given to you is consistent with other benefit-related communications. However, if there is any discrepancy or conflict between information in this document and other plan materials, the terms outlined in the plan document will govern.