

**BURBANK UNIFIED SCHOOL DISTRICT
PRETAX PAYROLL DEDUCTIONS**

Currently some employees have payroll deductions taken for health care (medical, dental, and vision), depending on their coverage election coverage or their status at the District (less than full time).

The District and the associations have been investigating ways to reduce the impact of these deductions on employees' paychecks. Effective August 1, 1993, the District, with the support of CSEA, BTA, and BASA, is permitting employees who have payroll deductions taken to have the deduction taken on a pretax basis, which will increase the take home pay over the current payroll deduction method.

The District now takes payroll deductions in this order:

- First, taxes are taken out of your gross pay
- Second, payroll deductions are taken for health care
- **But it works this way with pretax payroll deductions:**
- First, payroll deductions are taken for health care
- Second, taxes are computed on your pay after it has been reduced for health care contributions

Because you are taxed on a lower amount of pay, you save money. Here's an example for an employee spending \$100 tenthly (\$1,000 annually) for health care:

| | Current Deduction Method | Pretax Deductions |
|----------------------------------|--------------------------|-------------------|
| Annual Earnings | \$8000 | \$8000 |
| Pretax Deductions | N/A | -\$1000.00 |
| Taxable Earnings | \$8000 | \$7000 |
| Income Taxes and Social Security | \$1146 | \$961 |
| Normal Deduction | \$1000 | N/A |
| Take Home Pay | \$5854 | \$6039 |
| Savings | | \$185 |

In this case, take home pay for this employee goes up by \$185, which amounts to a 3% increase. Yet, the employee will have the same health benefits. Participation in this program does not change any disability, life insurance, or retirement benefits you may otherwise be entitled to. Because you pay less Social Security, your ultimate Social Security benefit may be slightly lower after retirement. Generally speaking, however, the benefit of the tax savings now more than outweighs the reduction in Social Security benefit after you retire. Please discuss your specific financial situation with a tax consultant prior to submitting this form.

This program is voluntary—you don't have to sign up. For most of you, however, it is an opportunity to take home more cash. Due to **IRS** rules, we can only let you come in once a year on our plan anniversary (January 1). Once you begin participation, you can only drop out during a given school year if you have a change in family status as defined by the Internal Revenue Service (birth or death of a dependent, marriage or divorce, spouse loses or gets a job).

EMPLOYEE AUTHORIZATION

_____ YES (Pretax Basis), I _____ request to participate in Burbank Unified School District's

_____ NO (Pretax Basis), I _____ do not request to participate in Burbank Unified School District's

benefit plan. I hereby authorize reductions in my salary to cover my share of the cost, as indicated by the above elections. I understand that by signing and submitting this form, **I am making a binding election concerning these benefits for the twelve-month period beginning January 1, 2026 and ending December 31, 2026.** Changes in benefit elections may only be made for certain changes in family status as allowed by the Burbank Unified School District's plan document and the underlying health plan. **Pretax payroll deductions require annual sign up.**

Certificated () Classified () Management () Social Security number XXX-XX- _____

Print Name

Signature

Date