

MDOT Cafeteria Plan

Whether you are an active employee participating in open enrollment or a new employee processing new employee paperwork, you have an opportunity to select several types of insurance products for your family. You also have an opportunity to set aside money for Medical and Child Care Reimbursement. The Mississippi Department of Transportation sponsors a Cafeteria Plan to assist employees in reducing the annual amounts of federal and state income taxes they pay each year. This is in no way referring to a restaurant type menu but it is describing the way different types of insurance and other benefits are listed on the Cafeteria Plan Enrollment Menu form. If you join the cafeteria plan, the total amount of premiums you pay for types of insurance that qualify is deducted from your payroll before taxes. Therefore, you are paying taxes on less income which means you are paying less in taxes. Also, the amounts selected for medical reimbursement up to \$2,500 and up to \$5,000 for child care reimbursement, are also deducted from your payroll on a pre-tax basis.

Below is an example of how joining the Cafeteria Plan can increase your take home pay and reduce your annual federal and state income taxes.

Brittany and her spouse James start to work with MDOT at the same time and are making the same amount of money each month (\$2,000).

Brittany joins the cafeteria plan and James decides he does not want anyone messing with his money so he does not join the cafeteria plan. Both employees select the same type insurance and medical reimbursement amount that add up to the same amount of monthly deductions of \$125.00 every two weeks or \$250.00 per month. (MDOT employees are paid twice each month).

Brittany

Joined the Cafeteria Plan

Monthly Income

\$2,000.00 monthly income

\$1,000.00 income every two weeks

\$ -125.00 ins. prems. & medical reimb.

\$ 875.00 taxable income

\$ -131.25 State & Fed income taxes at 15%

\$ 743.75 take home pay/two weeks

James

Did not join cafeteria plan

Monthly Income

\$2,000.00 monthly income

\$1,000.00 income every two weeks

\$ -150.00 State & Fed income taxes at 15%

\$ 850.00 after taxes

\$ -125.00 ins. prems. & medical reimb.

\$ 725.00 take home pay two/weeks

Brittany takes home \$18.75 more every two weeks than James or \$37.50 per month, which adds up to \$450.00 more take home pay per year for her. What can you do with \$450.00 more take home pay per year?

For more information regarding the MDOT Cafeteria Plan, please ask you District Human Resource Manager or his/her Assistant to assist or you can contact the MDOT Insurance Benefits Department by utilizing the contact information below.

Contact Information

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