



The CHAMP Plan™

How Is It Possible?

That is the first question nearly every **CEO, CFO, business owner, controller, payroll executive, tax advisor, and legal counsel** asks when they first review **The CHAMP Plan™** offered by **UNION Plan 125**.

How can a workforce strategy simultaneously:

- **Reduce employer payroll tax exposure**
- **Increase employee take-home pay**
- **Strengthen workforce healthcare access**
- **Improve workforce retention and stability**
- **Operate at zero net cost to the employer and employee—while remaining fully compliant within established IRS guidelines?**

In today's regulatory and financial environment, that level of efficiency naturally creates skepticism.

And frankly, it should.

Sophisticated leadership teams have seen aggressive wellness arrangements, loosely structured compensation models, and improperly designed tax strategies marketed as “innovative solutions” that ultimately fail under legal, tax, or administrative scrutiny.

That is precisely why **structure, classification, and regulatory design** matter.



The Difference Is Structure. Classification. And Compliance.

The CHAMP Plan™, offered by UNION Pan 125, was intentionally engineered to operate within established **IRS and payroll tax guidelines** – not around them.

This is not a loophole.

Not an aggressive tax shelter.

Not a compensation recharacterization gimmick.

The CHAMP Plan operates within this existing legal framework, utilizing a compliant Section 125 IRC Cafeteria Plan structure designed to increase employee take-home pay, reduce payroll tax liability, and provide additional healthcare benefits without disrupting existing coverage. "The tax advantages are not created by the CHAMP Plan. **They were created by Congress, Section 125 Cafeteria Plans through the Revenue Act of 1978 and codified in Section 125 of the Internal Revenue Code (IRC)**". The IRS created and administers the Internal Revenue Code.

Don't take our word for it. Review the IRS guidance and the federal statute yourself.

IRS Explanation:

<https://www.irs.gov/government-entities/federal-state-local-governments/faqs-for-government-entities-regarding-cafeteria-plans>

Federal Law:

<https://www.law.cornell.edu/uscode/text/26/125>



The Difference Is Structure. Classification. And Compliance cont.

That distinction is everything.

Because sophisticated employers understand a critical truth:

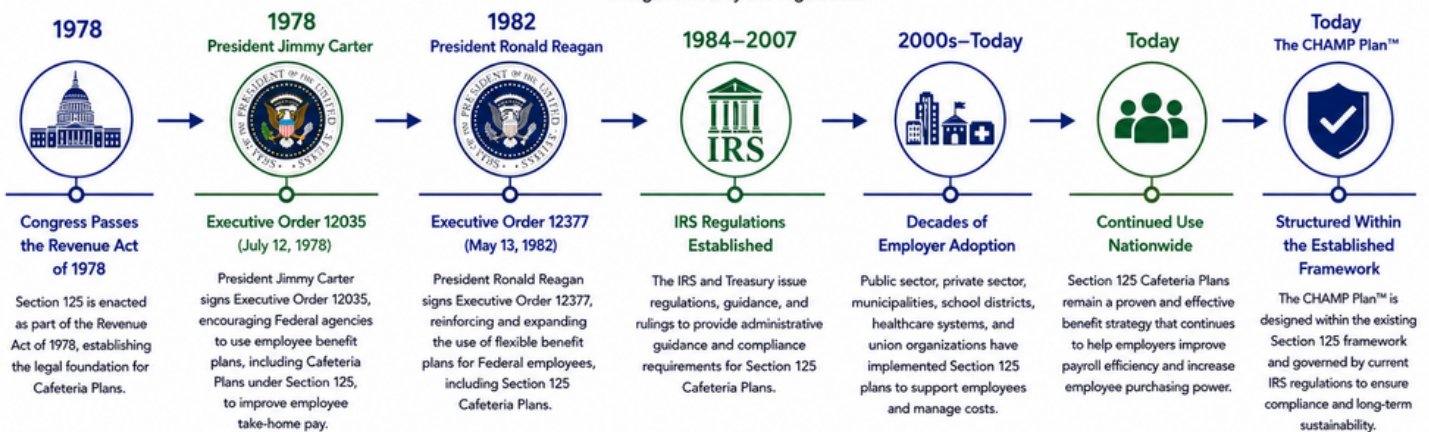
The issue is rarely whether savings are possible.

The issue is whether the structure supporting those savings is **legally and operationally defensible**.

The Federal Foundation of Section 125

A PROVEN LEGAL FRAMEWORK. MORE THAN FOUR DECADES OF COMPLIANCE.

Section 125 Cafeteria Plans under Internal Revenue Code (IRC) §125 were created by Congress and have been part of the Internal Revenue Code for more than 45 years. The CHAMP Plan™ is structured within this established federal framework and governed by IRS regulations.



Built on Federal Law. Governed by IRS Regulations. Structured for Compliance.

Section 125 Cafeteria Plans under Internal Revenue Code (IRC) §125 have been part of the Internal Revenue Code since 1978.

The CHAMP Plan™ is designed within this established framework to help employers improve payroll efficiency, increase employee take-home pay, strengthen workforce healthcare access, and maintain long-term regulatory compliance.

- ✓ Established by Congress
- ✓ Strengthened by Executive Leadership
- ✓ Guided by IRS Regulations
- ✓ Used by Employers Nationwide

This graphic is for informational purposes only and does not constitute legal or tax advice. Employers should consult with qualified legal and tax professionals.



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Why Certain “Wellness Arrangements” Have Faced IRS Scrutiny

Certain wellness-related benefit arrangements in the marketplace have drawn direct **IRS scrutiny** due to improper tax treatment and flawed compensation structuring – particularly through what regulators have identified as “**double-dip**” **wage treatment concerns**.

In many of those arrangements:

- Employees pay portions of employer-sponsored healthcare coverage through **pre-tax payroll deductions**
- The arrangement then attempts to recharacterize previously deducted taxable compensation through purported tax-free benefit payments
- Employees are effectively restored to pre-deduction wage levels while avoiding proper payroll and income tax treatment

The IRS has consistently ruled that these improperly structured payments constitute **taxable wages** subject to employment and income taxation.

This position is reflected in **Revenue Ruling 2002-3** and reinforced through subsequent IRS memorandums addressing improper wage reclassification and non-compliant benefit payment arrangements.

For sophisticated employers, CFOs, payroll leaders, and legal advisors, the concern is not simply “wellness.”

The concern is:

- **tax characterization**
- **wage treatment**
- **administrative separation**
- **benefit classification**
- **payroll compliance integrity**



Why The CHAMP Plan™ Is Different

Unlike improperly structured reimbursement-based arrangements, **The CHAMP Plan™ offered by UNION Plan 125 was intentionally designed to avoid improper wage reclassification exposure entirely.**

The framework properly separates:

- **Pre-tax benefit components**
- **Post-tax benefit components**
- **Payroll deduction classifications**
- **Claims-payment administration**
- **Tax treatment methodologies**

Every component is intentionally categorized, documented, and administered according to established **IRS guidance** and **payroll compliance standards**.

This is why sophisticated employers, executive leadership teams, controllers, payroll professionals, tax attorneys, and financial advisors are paying close attention.

Because when **payroll strategy, healthcare structure, and tax compliance** are engineered together correctly, payroll transforms from a fixed expense category into a more efficient financial structure within the organization.



How The CHAMP Plan™ Works

The CHAMP Plan™ is a single employer-sponsored strategy consisting of **two distinct components** intentionally designed to operate together within established compliance parameters.

1. Champion Health Minimum Essential Coverage (MEC) Plan – Pre-Tax Component

The Champion Health MEC Plan operates as a qualified **pre-tax healthcare benefit** under **IRC Section 125**. Employees elect qualified healthcare benefits through compliant **pre-tax payroll deductions** rather than receiving those dollars as taxable compensation.

Key Features Include:

- In-person doctor visits
- Urgent care services
- Preventive healthcare support
- Prescription support
- Benefits administered directly to providers
- Proper pre-tax benefit treatment under established **Section 125 guidelines**

This component is intentionally structured to preserve appropriate **payroll tax treatment** and administrative compliance.

2. Champion Health Population Management Plan – Post-Tax Component

The Champion Health Population Management component operates separately under a **post-tax structure**.

This distinction is critically important.

Employees contribute through **post-tax payroll deductions**, preserving proper tax characterization and preventing the compliance concerns associated with improperly designed wage reclassification arrangements.



How the Administrative Process Works:

- Employees complete a Health Risk Assessment generating applicable CPT coding
- The assessment identifies future healthcare management opportunities
- Employees complete prescribed health-management activities generating additional CPT classifications
- Eligible **claims-based benefit payments** are administered according to established **IRC Section 104(a)(3)** guidance

Because contributions associated with this component are treated on a **post-tax basis upfront**, the structure preserves appropriate tax treatment and avoids the compliance concerns associated with improperly structured tax-free wage replacement models.

What Makes The CHAMP Plan™ Unique?

Deliberately Structured to Avoid Improper Wage Reclassification Exposure

The CHAMP Plan™, offered by Union Plan 125, was intentionally engineered to eliminate the compliance vulnerabilities that have challenged certain wellness and reimbursement-based arrangements in the marketplace.

The Difference Is in the Design:

- **Pre-tax and post-tax components are fully separated**
- **Benefit classifications are intentionally structured and administered**
- **Claims-based payments align with established IRC guidance**
- **Payroll deduction methodologies preserve proper wage treatment**
- **Administrative separation supports regulatory integrity**
- The framework operates within an established **IRS-approved Section 125 IRC Cafeteria Plan structure**

This is why sophisticated employers, CFOs, payroll executives, controllers, HR leadership teams, tax advisors, and legal professionals are taking a closer look.

Because once properly understood, **The CHAMP Plan™ is not a gimmick.**

It is a disciplined, compliant workforce financial strategy engineered to improve **payroll efficiency, workforce support, and measurable financial performance** within established regulatory guidelines.



With The CHAMP Plan™ offered by UNION Plan 125, organizations can confidently:

- **Reduce employer FICA tax exposure**
- **Increase employee take-home pay**
- **Strengthen workforce healthcare support**
- **Improve retention and workforce stability**
- **Enhance payroll efficiency without increasing organizational cost**
- **Create measurable long-term financial impact through compliant payroll structuring**

The organizations creating the greatest long-term advantage today are not simply reducing expenses.

They are **structuring smarter**.

And that is exactly why more executive leadership teams are saying:

A Smarter Workforce Strategy for Modern Employers

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This Is Possible.