

Name: \_\_\_\_\_

## Taxes - Group Health Insurance 1

Most employers offer group health insurance to their employees. This type of insurance is cheaper than individual insurance. Most employers pay a portion of the premiums and the remainder is paid by the employee through payroll deduction.

### Formula for Calculating Insurance Deduction

$$\text{Amount Paid by Employee} \div \text{Pay Periods per Year} = \text{Deduction each Pay Period}$$

**Directions:** Read each question carefully and write your answer on the line provided.

1. David Ray earns \$3,241.00 a month as a machinist at Freightline Tools. His group health insurance premiums cost \$4,201.00 per year. If the company pays 65 percent of the premium cost, how much of the premium cost is taken as a payroll deduction from David's paycheck each month? \_\_\_\_\_
2. Carlos Riviera earns \$1,478.00 a week working as a mechanic at the local auto dealership. His group health insurance premiums cost \$3,254.00 per year. If the company pays 70 percent of the premium cost, how much of the premium cost is taken as a payroll deduction from Carlos's paycheck each week?  
\_\_\_\_\_
3. Brenda Bottoms earns \$1,025.00 a week as the office manager at Dixon Welding. Her group health insurance premiums cost \$3,928.00 per year. If the company pays 82 percent of the premium cost, how much of the premium cost is taken as a payroll deduction from Brenda's paycheck each week?  
\_\_\_\_\_
4. Kay Westmore earns \$2,917.00 a month as an executive assistant. Her group health insurance premiums cost \$4,964.00 per year. If the company pays 75 percent of the premium cost, how much of the premium cost is taken as a payroll deduction from Kay's paycheck each month? \_\_\_\_\_
5. Peggy Mitchell has both medical insurance and prescription drug insurance coverage through her employer. Medical premiums cost \$2,600.00 a year and prescription drug premiums cost \$625.00 per year. If Peggy's employer pays 60 percent of the medical premiums and 40 percent of the prescription drug premiums, how much does Peggy pay each week in medical premiums? \_\_\_\_\_ For prescription drug premiums?  
\_\_\_\_\_
6. Martha Gray has both medical insurance and prescription drug insurance coverage through her employer. Medical insurance premiums cost \$4,584.00 a year and prescription drug premiums cost \$1,499.00 per year. If Martha's employer pays 75 percent of the medical premiums and 65 percent of the prescription drug premiums, how much does Martha pay each week in medical premiums? \_\_\_\_\_ For prescription drug premiums? \_\_\_\_\_
7. Wesley Johns earns \$7,854.00 a month. His group health insurance premiums cost \$12,184.00 per year. If the company pays 75 percent of the premium cost, how much of the premium cost is taken as a payroll deduction from Wesley's paycheck each month? \_\_\_\_\_

