PREPARED EXCLUSIVELY FOR: VIC & CHROMA LEADERSHIP

Chroma Early Learning Academy • Section 125 Overview

Turnkey Employee Benefits • Guaranteed Life Insurance • Corporate Payroll Tax Elimination

EXECUTIVE MEMORANDUM
Date: September 2026
Advisory: Shielded Horizons LLC
Director Robert Hill (GA Lic #19559059)

EXECUTIVE SUMMARY FOR VIC & CHROMA LEADERSHIP:

This program allows Chroma Early Learning Academy to offer a **$75,000 Guaranteed-Issue Life Insurance Policy** to all 335 teachers and staff across your 25 campuses at **$0.00 OUT-OF-POCKET COST TO CHROMA**. By establishing an IRS Section 125 pre-tax cafeteria structure, Chroma legally eliminates **$54,956.07 per year in employer FICA payroll taxes**. Shielded Horizons covers the insurance premiums and full program setup, while passing a $10/mo credit directly back to Chroma.

CHROMA OUT-OF-POCKET	CHROMA ANNUAL CASH SAVINGS	STAFF BENEFIT DELIVERED	TEACHER PAYCHECK IMPACT
$0.00	**+$54,956.07**	**$75,000.00**	**~$41.11**
100% Pre-Tax Funded	Pure FICA Tax Profit ($4,580/mo)	Guaranteed Life Policy for 335 Staff	Net per bi-weekly check (Sec 125 Only)

1. How the Staff Census Breaks Down (335 Total Enrolled Lives)

Staff Group	Staff Count	What They Receive	Pre-Tax Deduction	Teacher Net Impact	Chroma FICA Tax Savings
Group 1: Major Medical Staff (Full-time leads & directors)	**100 Staff**	**Major Medical Health Plan + $75,000 Life Insurance Policy**	**$319.00 / mo** ($200 Med + $119 Program)	~$110.20 bi-weekly *(Saves $80.23/mo in personal taxes)*	**+$29,284.20 / yr ($2,440.35 / mo)**
Group 2: Section 125 Only Staff (Teachers & assistant teachers)	**235 Staff**	**$75,000 Guaranteed-Issue Life Insurance Policy**	**$119.00 / mo** (Pre-tax advisory)	**~$41.11 bi-weekly *(Saves $29.93/mo in personal taxes)***	**+$25,671.87 / yr ($2,139.32 / mo)**
TOTAL CHROMA PROGRAM	**335 Staff**	**100% of Staff Protected with $75k Life**	**$178.72 (blended)**	**~$61.70 (blended avg)**	**+$54,956.07 / yr PURE CASH**

2. Cash Flow Transparency: Where Every Dollar Goes

Cash Flow Line Item	Amount / EE	Monthly Total	Annual Total	Who Receives It?	Plain-English Explanation
Employee Pre-Tax Payroll Deduction	**$119.00**	$39,865.00	$478,380.00	Chroma Payroll	Processed pre-tax; lowers Chroma's taxable FICA payroll
Manhattan Life $75k Premium	-$1.25	-$418.75	-$5,025.00	Manhattan Life	Paid directly by Shielded Horizons to cover all 335 life policies
Shielded Horizons Advisory Fee	**$117.75 net**	**$39,446.25**	**$473,355.00**	**Shielded Horizons**	**Full turnkey advisory, plan documents, and enrollment portal**
Chroma Employer FICA Cash Savings	**+$13.67 avg**	**+$4,579.67**	**+$54,956.07**	**Chroma Bank Account**	**Direct bottom-line payroll tax elimination kept by Chroma**

3. Simple 3-Step Rollout: How Chroma Implements This with Zero Headache

STEP 1	STEP 2	STEP 3
Adopt Plan Documents	**Payroll Deduction Setup**	**Paperless Staff Enrollment**
Chroma signs the turnkey Section 125 Written Plan Document & SPD prepared by Shielded Horizons.	Chroma's payroll provider (ADP/Gusto) adds the pre-tax 'SH Benefit' deduction code.	Teachers enroll on their mobile phones in 2 minutes. Zero SSN collected. 100% HIPAA-safe.

Regulatory Authority: IRC § 125(f) • IRC § 79 Safe Harbor • ACA ALE Compliant • Zero SSN Required • Shielded Horizons LLC • Director Robert Hill (NPN #839439)