

**Pre-Tax Contribution Program (PTCP) Fact Sheet
For NYS Active Employees Enrolled in NYSHIP**

Choosing to Participate in PTCP (Pre-Tax Deductions)	Choosing NOT to Participate in PTCP (Post-Tax Deductions)
<p>The PTCP is a voluntary program in which your share of the health insurance premium is deducted from your wages <i>before</i> taxes are withheld. Participating in this program may lower your tax liability, but you are also restricted to making changes to your biweekly health insurance deduction amount only under certain circumstances.</p> <p>This means in exchange for the tax benefit of having your health insurance deductions taken on a before tax basis, you agree to limitations of changes you can make to your NYSHIP pre-tax deductions during the Plan Year, in accordance with both NYSHIP and IRS rules.</p>	<p>If you decline to participate in PTCP, then your share of your health insurance premium is deducted from your wages <i>after</i> taxes are withheld. By not participating in this program, you have greater flexibility to make changes to your biweekly health insurance deduction amount.</p> <p>This means in exchange for having your health insurance deductions on a post-tax basis with no tax benefit, you have greater flexibility to make changes to your NYSHIP coverage, as long as they are consistent with NYSHIP rules.</p>
Tax Savings in PTCP	Tax Impact NOT in PTCP
<p>Contributions to your health insurance premium are made before wages are withheld, effectively reducing your income by the amount of your contribution. Therefore, you pay taxes based upon a lower salary.</p> <p>These salary based taxes include Federal income tax, Social Security tax, and most State and local income tax. The amount you save in taxes will depend on the amount of your income, your health insurance premium and the number of withholding allowances that you claim on your taxes.</p> <p>Contact your tax professional on how participation in PTCP will affect you.</p>	<p>Contributions to your health insurance premium will be made after wages are withheld. This does not effectively reduce your income, therefore you pay taxes based upon a higher salary (compared to if you enrolled in PTCP).</p> <p>These salary based taxes include Federal income tax, Social Security tax, and most State and local income tax.</p>

IMPORTANT

November 1 through November 30 is the only time you can change your Pre-Tax Contribution Program election.

Please see your Agency Health Benefits Administrator to change your election. You must complete Boxes 1-9 and Box 13 (titled “Change Pre-Tax Status”) on a Health Insurance Transaction Form (PS-404). Sign and date the form during November and submit it to your HBA.

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Changes Permitted When Enrolled in PTCP	Changes Permitted to When NOT Enrolled in PTCP
<p>Under the Internal Revenue Service (IRS) regulations, if you participate in PTCP, you may change your health insurance deduction only when a PTCP qualifying life event occurs and is reported to your agency HBA within 30 days from the date of event:</p> <ul style="list-style-type: none"> • Change in your marital status • Change in your number of dependents • Change in employment status of employee, spouse or dependent that affects eligibility • Dependent satisfies or ceases to satisfy eligibility requirements • Change in place of residence or worksite of the employee, spouse or dependent • Change in coverage under other employer’s plan • COBRA events • Judgment, decree or order to provide health benefits to eligible dependents • Change in Medicare or Medicaid eligibility • Leaves of absences • HIPAA special enrollment rights <p>Changes in coverage due to the above status changes must be consistent with the change in your family or employment. If you make a change in coverage not related to a qualifying event, your PTCP deduction will not change and/or your request may not be processed.</p> <p>See the chart titled, “Enrolled in Pre-Tax Contribution Program” for specific scenarios of changes you can make to your health coverage when enrolled in the PTCP.</p>	<p>Since you do not participate in PTCP, you are not bound by certain Internal Revenue Service (IRS) regulations regarding changes to your health insurance deduction amount. However, you are still bound by NYSHIP rules regarding changes you may make during the Plan Year.</p>

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