Your Pre-Tax Premiums Plan

Updated September 2014
INTRODUCTION

Through The Texas A&M University System’s Pretax Premiums plan, your health, dental, vision and/or Accidental Death and Dismemberment (AD&D) monthly premiums are deducted from your paycheck before taxes are calculated on your pay. This reduces the amount of your pay that is considered taxable income and increases your take-home pay.

The Pretax Premiums plan is a voluntary plan. If you participate, premiums for all of the coverages listed above will be paid on a pretax basis.

Who’s Eligible for This Plan?

You are eligible to participate in the plan if you are enrolled in any of the covered benefit plans and:
• are eligible to participate in the teacher Retirement System of Texas (TRS) or Optional Retirement Program (ORP), and
• work at least 50% time for at least 4½ months.

You are also eligible for the Pretax Premiums plan if you are:

• a graduate student employee who works at least 50% time for at least 4½ months, or
• a working retiree who has chosen to have health, dental, vision and AD&D premiums deducted from your paycheck.

If you participate, your dependent’s premiums will be deducted on a pretax basis as well.

How This Plan Affects Your Taxable Income

When you participate in Pretax Premiums, your share of the cost of your health, dental, vision and AD&D premiums is automatically deducted from your paycheck before taxes are calculated. This means you never pay federal income tax or Social Security tax on the money you contribute toward these coverages. When your contributions are made on a pretax basis, your taxable income is reduced. This may mean that your eventual Social Security benefit could be reduced. However, the reduction is quite small. Your base pay, for purposes of pay increases and benefits based on pay, is not reduced. If you pay your premiums on a pretax basis, you cannot take the health credit portion of the earned income credit on your federal tax return.
If You Do Not Wish to Participate in This Plan

You may choose not to participate or to stop participating in this plan:

During your initial 60-day benefit enrollment period if you are a new employee. When you enroll in your benefits, you can choose to waive this option. If you do not do so within your 60-day benefit enrollment period, you will be enrolled in the Pretax Premiums plan. If you choose not to participate, your premiums will be deducted after taxes are calculated on your pay.

During Annual Enrollment. Each year during the Annual Enrollment period, you may choose to stop participating in the plan or, if you have waived participation, to enroll effective the following September 1.

If you experience a Change in Status. In accordance with federal law, your decision to participate in the Pretax Premiums plan will remain in effect for the entire plan year (September 1–August 31) unless you have a Change in Status as described below.

- Employee’s marriage or divorce or death of employee’s spouse,
- Birth, adoption or death of a dependent child,
- Change in employee’s, spouse’s or dependent child’s employment status that affects benefit eligibility,
- Child becoming ineligible for coverage due to reaching age 25 or marrying,
- Changes in the employee’s, spouse’s or a dependent child’s residence that would affect eligibility for coverage,
- Employee’s receipt of a qualified medical child support order or letter from the Attorney General ordering the employee to provide (or allowing the employee to drop) medical coverage for a child,
- Changes made by a spouse or dependent child during his/her annual enrollment period with another employer,
- The employee, spouse or dependent child becoming eligible or ineligible for Medicare or Medicaid, or
- Significant employer- or carrier-initiated changes in or cancellation of the employee’s, spouse’s or dependent child’s coverage.

If you have a Change in Status and want to make a change in your health, dental, vision and/or AD&D coverage or Pretax Premiums status, you must notify your Human Resources Office within 60 days of the Change in Status.
Here are some other facts about the plan you might want to keep handy.

**PLAN NAME**
The official name of this plan is The Texas A&M University System Pre-Tax Premiums Program.

Benefits under Pretax Premiums are governed by a legal plan document maintained by the plan sponsor. To obtain a copy of the plan document, contact the plan sponsor.

**PLAN SPONSOR**
Director of Risk Management and Benefits Administration
The Texas A&M University System Moore/Connally Building
301 Tarrow Dr., 5th Floor
College Station, TX 77840
Mail Stop: 1117 TAMU
(979) 458-6330
http://www.tamus.edu/benefits/

**PLAN ADMINISTRATOR AND AGENT FOR SERVICE OF LEGAL PROCESS**
The plan administrator and agent for service of legal process is the Director of Risk Management and Benefits Administration, who can be reached at the plan sponsor address shown above.

**TYPE OF PLAN**
The Pretax Premiums plan is a flexible benefit plan under Section 125 of the IRS tax code.

**PLAN YEAR**
Plan records are kept on a plan-year basis, beginning each September 1 and ending each August 31.

**EMPLOYER IDENTIFICATION NUMBER**
74-2648747.

**FUTURE OF THE PLAN**
The Texas A&M University System intends to continue the Pretax Premiums plan indefinitely; however, it may change, suspend, or end the plan, in whole or in part, at any time for any reason. The System’s decision to end or change the plan may be due to changes in federal and state laws governing flexible benefit plans or the requirements of the Internal Revenue Service.

**A FINAL NOTE**
In case of discrepancies between this information sheet and the legal plan document, the plan document will prevail. This description of the plan is not a guarantee of current or future employment or benefits.