

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

Choosing to Participate in PTCP (Pre-Tax Deductions)	Declining Participation 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 from making changes to your biweekly health insurance deduction amount in certain circumstances.</p> <p>This means in exchange for the tax benefit of having your health insurance deductions taken on a before tax basis, <b>you agree to limitations on changes you can make to your NYSHIP pre-tax deductions during the plan year, in accordance to both NYSHIP and IRS rules.</b></p>	<p>If you decline to participate in PTCP, 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 taken on a post-tax basis with no tax benefit, <b>you have greater flexibility to make changes to your NYSHIP coverage as long as it is consistent with NYSHIP rules.</b></p>
Tax Savings for Employees in PTCP	Tax Impact for Employees 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 amount.</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 for more information about 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 amount (than the one on which your taxes would be based had you enrolled in the program).</p> <p>These salary-based taxes include Federal income tax, Social Security tax, and most State and local income tax.</p>

**IMPORTANT**

**The annual Option Transfer Period is the only time during which you may change your Pre-Tax Contribution Program election.**

**Please contact your Agency Health Benefits Administrator to change your PTCP election. You must complete the “Employee Information” and “Enter Annual Option Transfer Requests” portions of the Health Insurance Transaction Form (PS-404). Sign, date, and submit the form to your HBA during the Option Transfer Period.**

**ATTACHMENT A**

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Changes Permitted When Enrolled in PTCP	Changes Permitted When Not Enrolled in PTCP
<p>Under Internal Revenue Service (IRS) regulations, if you participate in PTCP, you may change your health insurance deduction only after experiencing a PTCP qualifying life event and reporting it to your agency HBA <b>within 30 days of the date of event:</b></p> <ul style="list-style-type: none"><li>• Change in your marital status</li><li>• Change in your number of dependents</li><li>• Change in your or your dependent’s employment status that affects eligibility for health benefits</li><li>• Change in your dependent’s status that affects eligibility for health benefits</li><li>• Change in your or your dependent’s place of residence or worksite that affects eligibility for health benefits</li><li>• Significant change in health benefits and/or premiums under NYSHIP</li><li>• Change in health benefits or premium under your or your dependent’s other employer’s plan</li><li>• COBRA events</li><li>• Judgment, decree or order to provide health benefits to eligible dependents</li><li>• Change in Medicare or Medicaid eligibility</li><li>• Leaves of absences</li><li>• HIPAA special enrollment rights</li></ul> <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 entitled, “Enrolled in Pre-Tax Contribution Program” for specific scenarios illustrating 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 to NYSHIP rules regarding changes you may make during the plan year.</p>

**IMPORTANT**

**The annual Option Transfer Period is the only time during which you may change your Pre-Tax Contribution Program election.**

Please contact your Agency Health Benefits Administrator to change your PTCP election. You must complete the “Employee Information” and “Enter Annual Option Transfer Requests” portions of the Health Insurance Transaction Form (PS-404). Sign, date, and submit the form to your HBA during the annual Option Transfer Period.

<b>ENROLLED IN PRE-TAX CONTRIBUTION PROGRAM (PRE-TAX)</b>				
COVERAGE TYPE	REQUEST TYPE	DID YOU EXPERIENCE A PTCP QUALIFYING EVENT?	WAS THE REQUEST MADE WITHIN 30 DAYS OF THE PTCP QUALIFYING EVENT?	WHAT HAPPENS
Individual	Change to Family Coverage	Yes	Yes	The change to Family coverage can be processed and the entire health insurance family premium will be deducted at pre-tax.
Individual	Change to Family Coverage	Yes	No	The change to Family coverage can be processed. The individual portion of Family premium will be deducted at pre-tax and the dependent portion of Family premium will be deducted at post-tax.  NYSHIP Late Enrollment rules apply.
Individual	Change to Family Coverage	No	n/a	
Family	Change to Individual Coverage	Yes	Yes	The change to Individual coverage can be processed and the entire health insurance individual premium will be deducted at pre-tax.
Family	Change to Individual Coverage	Yes	No	The change to Individual coverage <b>cannot be processed</b> . The employee's pre-tax health insurance deduction cannot change for the rest of the plan year. This information pertains to dependents who remain eligible for NYSHIP coverage. Example: Current spouse became newly eligible for other coverage.  Note: If the dependent is no longer eligible for NYSHIP coverage, such as a divorce, and request is not within 30 days, please contact EBD.
Family	Change to Individual Coverage	No	n/a	

Individual / Family	Cancel Coverage	Yes	Yes	The request to cancel coverage can be processed.
Individual / Family	Cancel Coverage	Yes	No	The cancellation of coverage <b>cannot be processed</b> . The employee's pre-tax health insurance deduction cannot change for the rest of the plan year.
Individual / Family	Cancel Coverage	No	n/a	