



Enroll in Tax\$ave and Keep More of What You Earn

The **Tax\$ave 2008 Open Enrollment** period begins on **October 1, 2007** and ends on **October 31, 2007**. Tax\$ave Open Enrollment is your opportunity to save tax dollars in the 2008 tax year with the **Premium Option Plan** and two **Flexible Spending Accounts (FSAs)** for **Unreimbursed Medical Expenses** and **Dependent Care Expenses**.

Enrollment in the **Premium Option Plan** component of Tax\$ave is automatic every year. The **Flexible Spending Accounts** require active enrollment each year. For the 2008 plan year, the Tax\$ave FSAs have a new plan administrator, Fringe Benefits Management Company (FBMC), which provides a variety of easy ways to enroll in an FSA plan.

- ✓ You may enroll over the phone by calling FBMC at 1-866-440-7150 between October 1 – October 31, 2007. You may enroll over the Internet during the same time period at: www.myFBMC.com.
- ✓ You can enroll by obtaining an Enrollment Form from your benefits administrator or from FBMC. These forms must be postmarked by October 31, 2007, in order to enroll for the 2008 plan year.

For more information about the Tax\$ave plans, see the *Premium Option Plan* and *FBMC's Flexible Spending Accounts* fliers distributed with your paycheck, or visit the Tax\$ave Web page at: www.state.nj.us/treasury/pensions/taxsave.htm

NEW! — Tax\$ave Welcomes FBMC as FSA Administrator

The Division of Pensions and Benefits is pleased to announce the selection of **Fringe Benefits Management Company (FBMC)** to administer the Tax\$ave **Unreimbursed Medical** and **Dependent Care Flexible Spending Accounts** beginning with the 2008 plan year.

FBMC is a nationally recognized company bringing 30 years of experience in the administration of employee benefits to New Jersey and the members of Tax\$ave's Flexible Spending Accounts. Additional FSA services provided through FBMC include the EZ Reimburse Card for eligible Medical FSA purchases (see article on page 2), and 24/7 customer service.

The **Unreimbursed Medical** and/or **Dependent Care Flexible Spending Accounts** allow you to set aside money to pay for out-of-pocket medical, dental, and dependent care expenses while saving on taxes because the money you contribute to your account is free from federal income, Social Security, and Medicare taxes and remains tax-free when you receive it. To participate in the FSAs for the 2008 plan year, employees must enroll with FBMC at: www.myFBMC.com or by calling FBMC's Interactive Voice Response system at 1-800-865-FBMC (3262). For more information contact FBMC Customer Service at 1-800-342-8017.

Extended FSA Eligible Expense and Claim Periods

The period for which expenses are considered eligible for reimbursement for **BOTH** the **Unreimbursed Medical** and **Dependent Care FSAs** extends until March 15 of the following year. The deadline for submitting any claim forms for a particular plan year extends to April 30 of the following year.

Because of the change in FSA plan administration for the 2008 plan year, please note the expense and claim deadlines as well as the appropriate FSA administrator based on the Tax\$ave benefit year.

- ✓ **For Tax\$ave 2007 members**, eligible FSA expenses may be incurred until March 15, 2008, and **claims must be filed with Horizon Healthcare no later than April 30, 2008** (see also, "Notice to Horizon FSA Members" on page 2).
- ✓ **For Tax\$ave 2008 members**, eligible FSA expenses may be incurred between January 1, 2008 and March 15, 2009. FSA participants **must be enrolled with Fringe Benefits Management Company (FBMC)** and claims for expenses **must be filed with FBMC no later than April 30, 2009**.

Important Notice: Under the Unreimbursed Medical and Dependent Care Flexible Spending Accounts, any contributions that remain unclaimed after the April 30 deadlines are forfeited.

NEW! — Medical FSA Maximum Allowance Now \$2,500

The maximum annual allowance that can be set aside for a Tax\$ave **Unreimbursed Medical FSA** has been increased from \$2,000 to **\$2,500** for the 2008 plan year. Members may now save federal income, Medicare and Social Security taxes on up to \$2,500 of unreimbursed medical expenses and up to \$5,000 on dependent care expenses.

It now makes more sense than ever to enroll and use a Tax\$ave FSA plan when paying for doctor and prescription copayments, health plan deductibles, orthodontics, eyeglasses, Lasik surgery, uncovered dental fees, or certain over-the-counter medications (see article below). To enroll in either or both of the FSA plans, contact FBMC at: www.myFBMC.com or call FBMC's Interactive Voice Response system at 1-800-865-FBMC (3262).

NEW! — EZ REIMBURSE® Card Available with Medical FSAs

Tax\$ave **Unreimbursed Medical FSAs** now include the EZ REIMBURSE® MasterCard® that draws on the value of your annual Medical FSA election amount. The EZ REIMBURSE Card is included **free** when you sign up with FBMC for an Unreimbursed Medical FSA during Tax\$ave Open Enrollment.

Using the EZ REIMBURSE Card is easy because funds are immediately transferred from your Unreimbursed Medical FSA at the time you incur a qualifying expense; improving your cash flow because you don't have to lay out cash at the time of purchase. You can use the EZ REIMBURSE Card for qualifying expenses, such as covered prescription copayments, health plan deductibles, orthodontics, doctor and emergency room copayments, eyeglasses, Lasik surgery, and uncovered dentist or other provider fees. The EZ REIMBURSE Card can also be used for eligible over-the-counter medical expenses (see article below). Transactions for eligible expenses at Walgreens, Wal-Mart, and Sam's Club do not require additional documentation.

The EZ REIMBURSE Card also contains a "look back" feature that will access any unused 2008 Unreimbursed Medical FSA funds before using funds contributed in the 2009 plan year.

NOTICE TO HORIZON FSA MEMBERS

If you are currently a Tax\$ave 2007 FSA member, continue to use the Horizon Benny Card™ that you received at the start of the 2007 plan year *until the value of your Benny Card is exhausted*. Tax\$ave 2007 FSA members may incur eligible expenses until March 15, 2008. All Tax\$ave 2007 FSA claims **must be submitted to Horizon no later than April 30, 2008**.

If you wish to continue participation in a Medical or Dependent Care FSA plan for the 2008 plan year, Tax\$ave members must enroll for FSA participation with Fringe Benefits Management Company (FBMC) during this Tax\$ave Open Enrollment period.

Over-the-Counter Medications Covered by FSA

Internal Revenue Service rules permit many over-the-counter products/medications that are deemed for "medical care" to be reimbursable through the **Unreimbursed Medical FSA**. "Medical care" includes amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease. While purchases of medicines and drugs for medical care are eligible for reimbursement, expenditures that are merely beneficial to your general health, such as vitamins and other supplements, are not eligible. For a list of expenses that are eligible under the FSA, please visit: www.myFBMC.com.

Direct Deposit Available for FSA Payments

FBMC offers direct deposit of reimbursement payments from your **Medical** or **Dependent Care Flexible Spending Accounts**. The *Direct Deposit Enrollment Form* is available from FBMC at: www.myFBMC.com or by calling FBMC Customer Service at 1-800-342-8017. Processing of Direct Deposit enrollment may take between four to six weeks.

Pennsylvania State Non-taxability

If you live in Pennsylvania, contributions to your **Unreimbursed Medical FSA*** are exempt from Pennsylvania state income tax. This means that you save money on both your federal **and** Pennsylvania state taxes. It's one more reason for Pennsylvania residents to sign up for an Unreimbursed Medical FSA during the Tax\$ave Open Enrollment.

*Dependent Care FSAs are subject to Pennsylvania state income tax but remain exempt from federal tax.



A New Road to *Savings*

The State of New Jersey Introduces FBMC as Your New FSA Administrator

Fringe Benefits Management Company (FBMC) is proud to be the Flexible Spending Account (FSA) administrator for the State of New Jersey. FBMC is in its 30th year of proven, premier flexible benefits administration and offers you our services for the State Employees Tax Savings Program, Tax\$ave, Medical and Dependent FSAs.

- You may enroll October 1, 2007 through October 31, 2007 in Unreimbursed Medical Expense and Dependent Care Flexible Spendings Accounts (FSAs).

- Enrollment will be available:

On the web at **www.myFBMC.com**,

Over the phone through the Interactive Voice Response (IVR) system by calling

1-800-865-FBMC (3262),

Or by completing an Enrollment Form and submitting it to

Mail to: Fringe Benefits Management Company
Enrollment Processing
P.O. Box 1800
Tallahassee, FL 32302-1800

Fax Toll-free to: 1-888-800-5217

- Beginning January 1, 2008, you can begin submitting your **2008 Plan Year** (January 1, 2008, through December 31, 2008) requests for your Unreimbursed Medical and Dependent Care FSA claim reimbursements to FBMC – your administrator of Flexible Spending Accounts.

We welcome the opportunity to provide you with your tax-saving Flexible Spending Accounts. You may use the FSA Direct Deposit Form to have your FSA reimbursement checks deposited into the checking or savings account of your choice, expediting your reimbursements. You may go to **www.myFBMC.com** (beginning January 1, 2008) to get more information about your FSA, download forms you may need or view your account activity. If you have any questions, visit our Web site at **www.myFBMC.com**, or call **1-800-342-8017** (Monday – Friday, 7 a.m. – 10 p.m. ET).

More information about your FSAs and your FSA administrator can be found at www.myfbmc.com.

Contract Administrator
Fringe Benefits Management Company
Customer Service 1-800-342-8017 • 1-800-955-8771 (TDD)
webcustomerservice@fbmc-benefits.com
www.myfbmc.com

FBMC
proven benefit solutions

Tax\$ave, Civil Unions, and Domestic Partners

State employees are able to add a civil union partner or same-sex domestic partner to their SHBP medical and dental insurance coverage. However, before any payroll contributions or premiums that the employee pays for a partner can be made on a pre-tax basis under the Tax\$ave **Premium Option Plan**, the civil union partner or domestic partner must be able to qualify as a “tax dependent” of the employee for federal tax filing purposes under Internal Revenue Code Section 152.

Similarly, the civil union partner or domestic partner must qualify as the employee’s tax dependent before an out-of-pocket medical expense incurred by the partner can be reimbursed under the **Unreimbursed Medical Flexible Spending Account**. See *IRS Tax Topic 354 - Dependents* for additional information on the requirements for establishing dependent status for federal tax purposes.

If the civil union partner or domestic partner is not a “qualified tax dependent” of the employee, any premium deductions made for the partner’s coverage must be made on an after-tax basis and funds in the Unreimbursed Medical Spending Account cannot be used to cover the partner’s medical expenses.

Additional information about the New Jersey Civil Unions can be found in Fact Sheet #75, *Civil Unions*. Information about New Jersey Domestic Partners can be found in Fact Sheet #71, *Benefits Under the Domestic Partnership Act*. Both fact sheets are available on the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions

Children Age 23 to 30

Chapter 375, P.L. 2005, permits continued SHBP medical plan coverage for certain children until their 30th birthday. Contributions or premiums that an employee pays for coverage of an over age child cannot be made on a pre-tax basis under the Tax\$ave **Premium Option Plan**, nor can an out-of-pocket medical expense incurred by the over age child be reimbursed under the **Unreimbursed Medical Flexible Spending Account**, unless the child qualifies as a “tax dependent” of the employee for federal tax filing purposes under Internal Revenue Code Section 152.

See *IRS Tax Topic 354 - Dependents* for additional information on the requirements for establishing dependent status for federal tax purposes. For more information about continued coverage for children age 23 to 30, see Fact Sheet #74, *SHBP Coverage of Children to Age 30 Under Chapter 375*.

FSA Has Minimal Impact on Social Security

Because payments to the **Flexible Spending Accounts** and benefits premium payments under the **Premium Option Plan** are not subject to Social Security deductions, some members opt not to participate in Tax\$ave because it would reduce their Social Security benefit. This may not be a good financial decision.

For example, consider an employee who retired in 1998 at age 65 and whose wages had been at the maximum wages subject to Social Security deductions. Upon retirement, this individual’s monthly Social Security allowance was \$1,343. If the same person had been contributing \$2,000 a year to a Flexible Spending Account for the last 10 years of employment, the tax savings would amount to \$353 – \$653 per year (depending on the person’s tax bracket).

By contrast, the subsequent reduction in Social Security wages would have produced a monthly Social Security allowance of \$1,335, a difference of \$8 per month (\$96 per year).

Compare the two, and you can decide for yourself if this is reason enough to choose against saving on taxes now!

Commuter Tax\$ave Program

Tax savings on commuter mass transit and parking expenses are available anytime of the year as a separate benefit to State employees under the **Commuter Tax\$ave Program**, administered by TransitCenter, Inc. See Fact Sheet #67, *Commuter Tax\$ave Program*, or contact TransitCenter at 1-877-440-4407 for details.

NJ Division of Pensions and Benefits

Tax\$ave 2008 **Open Enrollment News**

Fall 2007

Frederick J. Beaver

DIRECTOR

Division of Pensions and Benefits

John D. Megariotis

DEPUTY DIRECTOR

Finance

Steven R. Stokley

EDITOR

Office of Client Services

Tax\$ave Open Enrollment News is published annually by the New Jersey Division of Pensions and Benefits to provide news and information to State employees regarding the New Jersey State Employees Tax Savings Program (Tax\$ave). The articles in this publication are for information purposes only and, while every attempt at accuracy is made, it cannot be guaranteed.

Access Tax\$ave forms and interactive calculation tools by visiting : www.state.nj.us/treasury/pensions/taxsave.htm