



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
P. O. Box 295

TRENTON, NEW JERSEY 08625-0295
Telephone (609) 292-7524 / Facsimile (609) 777-1779
TRS 711 (609) 292-6683
www.nj.gov/treasury/pensions

ELIZABETH MAHER MUOIO
State Treasurer

JOHN D. MEGARIOTIS
Acting Director

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

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TO: State Department Certifying Officers
State Department Human Resource Directors
State Biweekly Payroll Locations Benefits Administrators

FROM: New Jersey Division of Pensions & Benefits (NJDPB)

SUBJECT: Open Enrollment for the New Jersey State Employees Tax Savings Program (Tax\$ave)

The annual New Jersey State Employees Tax Savings Program (Tax\$ave) Open Enrollment for Plan Year 2025 begins October 1 and ends October 31, 2024. A benefit program available under Section 125 of the Federal Internal Revenue Code (IRC), Tax\$ave offers eligible employees the opportunity to increase their available income by reducing their federal tax liability.

Full-time employees of the State, who are eligible for participation in the New Jersey State Health Benefits Program (SHBP), may participate in Tax\$ave regardless of whether they are enrolled in Horizon or Aetna medical plans. Horizon manages the FSA plan for all State employees.

Note: Tax\$ave is only available to State employees. Local government and local education employees can contact their human resources office or benefits administrator to determine the specific Section 125 plans and benefits provided through their employer.

ABOUT TAX\$AVE

Tax\$ave consists of three components:

1. The Premium Option Plan (POP);
2. The Unreimbursed Medical Flexible Spending Account; and
3. The Dependent Care Flexible Spending Account.

Each year eligible employees should review their personal financial circumstances and decide if they wish to participate or not. Open Enrollment offers employees the opportunity to conduct this review and then act on their decision.

Note: Tax savings on commuter mass transit and parking expenses are available at any time as a separate benefit to State employees under the Commuter Tax\$ave Program and are not tied to this Open Enrollment period. See the *Commuter Tax\$ave Program* Fact Sheet available on the NJDPB website at: <http://www.nj.gov/treasury/pensions> for details.

PREMIUM OPTION PLAN

The Premium Option Plan (POP) saves your employees money by paying health and dental premiums from pre-tax dollars and reducing their tax liability. Enrollment in the POP is automatic for all eligible employees. If an employee does not wish to take advantage of the POP in 2025 (and therefore pay

more in federal, Social Security, and Medicare taxes), he or she should file a *Declination of Premium Option Plan (POP)* form.

FLEXIBLE SPENDING ACCOUNTS

The Unreimbursed Medical and/or Dependent Care Flexible Spending Accounts (FSA) allow employees to set aside money to pay for out-of-pocket medical, dental, and dependent care expenses while saving on taxes because the money contributed to the account is free from federal income, Social Security, and Medicare taxes, and remains tax-free when an employee receives it. Horizon *MyWay* administers the Tax\$ave Unreimbursed Medical and Dependent Care FSAs for the NJDPB.

Unlike the POP or the health plans of the SHBP, prior participation in a Tax\$ave FSA in 2024 does not carry over automatically into 2025. Employees must enroll with Horizon *MyWay* during Open Enrollment to participate in an FSA in 2025.

Some of the benefits of FSA participation include:

- **\$2,500 Medical FSA maximum and \$5,000 Dependent Care FSA maximum.** For the Tax\$ave 2025 Plan Year, the maximum annual allowance that can be set aside for an Unreimbursed Medical FSA is \$2,500 and the maximum annual allowance that can be set aside for a Dependent Care FSA is \$5,000. Employees may save federal income, Medicare, and Social Security taxes on up to \$7,500 of combined unreimbursed medical and dependent care expenses. It makes sense 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, certain over-the-counter (OTC) items, or dependent care.
- **Medical FSA eligibility includes adult children until age 26.** Qualified out-of-pocket medical expenses incurred by eligible adult children can be reimbursed through the Unreimbursed Medical FSA. Coverage applies until the end of the year in which a child turns age 26, regardless of the child's marital or student status.
- **Grace period extension for eligible expenses and extended claim filing period.** Employees enrolled in the Unreimbursed Medical or Dependent Care FSAs in 2025 have until March 15, 2026, to incur eligible expenses for the 2025 Plan Year. In addition to incurring eligible expenses through March 15, 2026, the period that employees enrolled in a Tax\$ave FSA have for submitting claims for reimbursement extends to April 30, 2026. While this does not eliminate the "use it or lose it" rule, employees have an extended period to obtain reimbursement for eligible expenses and avoid forfeiting unused funds. Under the Unreimbursed Medical and Dependent Care FSAs, any 2025 contributions that remain unclaimed after the April 30, 2026, extended deadline are forfeited.
- **Unreimbursed Medical FSAs feature the Horizon *MyWay* Visa® Debit Card** that draws on the value of the employee's annual Medical FSA election amount. The Horizon *MyWay* Visa Debit Card is included free when you sign up for the Unreimbursed Medical FSA during Tax\$ave Open Enrollment. Employees can use the Horizon *MyWay* Visa Debit 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 Horizon *MyWay* Visa Debit Card can also be used for certain eligible OTC medical expenses at grocery stores, drugstores, and discount stores that are IIAS (Inventory Information Approval Systems) certified merchants.

ENROLLING IN A FLEXIBLE SPENDING ACCOUNT

Employees have four ways of enrolling in Tax\$ave FSA accounts during the Open Enrollment: online, phone, fax, or mail. Horizon *MyWay* will inform employees currently participating in a Tax\$ave FSA plan of this enrollment opportunity through email or direct mailing in September. The Tax\$ave publications also provide the following enrollment instructions to employees:

- **Online:** Employees can enroll in the Unreimbursed Medical and/or Dependent Care FSA plans online at: <http://www.horizonblue.com/enrollfsa> The deadline for online enrollment is midnight, October 31, 2024.
- **Phone:** You may call Horizon *MyWay* at 1-866-999-3531 to enroll over the phone. The deadline for phone enrollment is October 31, 2024.
- **Fax:** FSA *Enrollment Forms* may be faxed by the employee to 1-866-231-0214. The deadline for accepting faxed enrollment forms is midnight, October 31, 2024.
- **Mail:** FSA *Enrollment Forms* can be mailed by the employee directly to Horizon *MyWay*, P.O. Box 14836, Lexington, KY 40511. To be accepted, enrollment forms must be postmarked no later than October 31, 2024. Forms postmarked after October 31, 2024, will be returned without action. Employer benefits offices should not be involved in processing or mailing FSA *Enrollment Forms*.

For more information about the FSA plans, see the NJDPB website at <http://www.nj.gov/treasury/pensions> or contact Horizon *MyWay* Customer Service at 1-888-215-0025.

Special rules for enrolling newly hired employees. A new employee can enroll in the Tax\$ave FSA plans when hired but must complete an FSA *Enrollment Form* within 30 days of the date of hire. There is then a waiting period before Unreimbursed Medical FSA or Dependent Care FSA eligibility.

- There is a 60-day waiting period for Unreimbursed Medical FSA eligibility.
- There is a 30-day waiting period for Dependent Care FSA eligibility.

The FSA effective date will be the first day of the month following eligibility. If the employee misses the 30-day enrollment window, he or she must wait to enroll during the Tax\$ave Open Enrollment.

TAX\$AVE AND CIVIL UNION PARTNERS OR DOMESTIC PARTNERS

The Internal Revenue Service (IRS) recognizes a marriage of same-sex spouses for federal tax purposes — including the tax saving benefits available through Tax\$ave. This recognition, however, does not include a civil union or same-sex domestic partner. Before payroll contributions or premiums an employee pays for a partner's medical or dental coverage can be made on a pre-tax basis under the POP, the civil union or domestic partner must be able to qualify as a tax dependent under IRC Section 152.

Similarly, the civil union 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 FSA.

If the civil union 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 FSA cannot be used to cover the partner's medical expenses.

See IRS *Publication #503, Dependents*, at: <http://www.irs.gov> for information on the requirements for establishing dependent status for federal tax purposes.

Information about New Jersey Civil Unions and Domestic Partnerships can be found in the *Civil Unions and Domestic Partnerships Fact Sheet* available on the NJDPB website: <http://www.nj.gov/treasury/pensions>

TAX\$AVE AND CHILDREN AGE 26 TO 31

P.L. 2005, c. 375 (Chapter 375), permits continued SHBP medical plan coverage for certain children until their 31st birthday. However, 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 POP, nor can an out-of-pocket medical expense incurred by the over-age child be reimbursed under the Unreimbursed Medical FSA, unless the child qualifies as a tax dependent of the employee for federal tax-filing purposes under IRC Section 152. See IRS *Publication #503, Dependents*, at: <http://www.irs.gov> for information on the requirements for establishing dependent status for federal tax purposes.

Information about continued coverage for children age 26 to 31 can be found in the *Health Benefits Coverage of Children Until Age 31 Under Chapter 375 Fact Sheet*.

TAX\$AVE SUPPORT MATERIALS

Tax\$ave Open Enrollment publications are available to support and assist you in explaining this important benefit program to your employees. Please make the effort to inform your employees of the Open Enrollment and educate them on the valuable benefits that Tax\$ave offers. More employees will participate in Tax\$ave if they are aware of and understand the value of the tax savings offered by the program.

NJDPB Website

For this year's Tax\$ave Open Enrollment, visit <http://www.nj.gov/treasury/pensions> and select "Pension Information for Active Employees". From there, click the "Learn More" button under "Other Programs" and look for the "Tax\$ave & Commuter Tax\$ave" dropdown for the Open Enrollment resources you and your employees need when reviewing and selecting SHBP and Tax\$ave plans.

Milestones

Enclosed is the *Tax\$ave Open Enrollment Milestones* with critical dates of the Tax\$ave Open Enrollment. Please use this as a checklist to guide your activities during the Open Enrollment.

Tax\$ave FSA Webinar Flier and Request for Employee Seminars Form

Enclosed is the *2025 Tax\$ave FSA Webinar Flier* that provides registration links to informational webinars hosted by Horizon MyWay during the month of October, providing members the opportunity to learn more about the Tax\$ave FSAs.

During this year's 2025 Tax\$ave Open Enrollment, Further/Horizon Expand will provide informational employee seminars at your location, upon an employer's request, which must be submitted via the enclosed *Request for Tax\$ave Employee Seminars* form no later than October 1, 2024.

Paycheck Messages

For employees paid through Centralized Payroll, the following paycheck message will be issued for Pay Periods 21 and 22:

Open Enrollment for the State Health Benefits Program (SHBP) and State Employees Tax Savings Program (Tax\$ave) is October 1 through October 31, 2024. This is your chance to join, add dependents, or make changes to your SHBP medical, prescription drug, or dental plans. Take a closer look to see what the SHBP has to offer - you might be able to save by switching to a plan with a lower premium share. Since participation in a Tax\$ave Flexible Spending Account (FSA) must be renewed annually, you must act if you want to participate in an FSA plan during 2025. Enroll online at <https://www.horizonblue.com/enrollfsa> through the Horizon website; download a paper form at <https://www.nj.gov/treasury/pensions/pension-active-other.shtml> through the NJDPB website; or call 1-866-999-3531 to request a paper form be mailed to you.

Tax\$ave Newsletter, Open Enrollment Fliers, and FSA Enrollment Form

The *Tax\$ave Newsletter*, *Premium Option Plan (POP) Flier*, *FSA Quick Reference Guide*, and the *FSA Enrollment Form* are available on the NJDPB website as outlined above for your employees during this year's Open Enrollment.

- The *Tax\$ave Newsletter* announces the Open Enrollment, outlines the components of the program with an emphasis on its tax saving advantages, and identifies the October 31, 2024, deadline for submission of all enrollment materials;
- The *Premium Option Plan (POP) Flier* explains the advantages and disadvantages of participation;
- The *FSA Quick Reference Guide* describes the Unreimbursed Medical and Dependent Care FSAs administered by Horizon *MyWay*; and
- The *FSA Enrollment Form* is available for those who wish to complete a paper application.

Employers should provide these publications via email attachment, on your departmental Intranet, and/or inform employees to access the Open Enrollment information online.

For cases in which online or email notification is not possible, a paper flier giving instructions on accessing the Open Enrollment publications is provided with this letter and can be copied and distributed as required.

Other Open Enrollment materials available on our website are the *FSA Reference Guide*, *FSA Enrollment Form*, and the *Declination of Premium Option Plan (POP)* form:

- A small supply of the 2025 *FSA Reference Guide* and *Enrollment Form* will be sent directly to benefits administrators by Horizon *MyWay*. Please provide the *FSA Reference Guide* or *Enrollment Form* to any employee who requests them.
- The *Declination of Premium Option Plan (POP)* form can be used by those few employees who do not wish to participate in the POP and, therefore, must pay more in tax. Employees who choose not to save tax dollars under the Tax\$ave POP and want to pay more federal income, Social Security, and Medicare taxes on the salary used to pay their medical and dental premiums in 2025, must complete the form declining the federal tax break they could receive. Completed *Declination of Premium Option Plan (POP)* forms must be returned to Human Resources or benefits administrators by October 31, 2024, and forwarded to Centralized Payroll by November 4, 2024.

The NJDPB appreciates your cooperation. Employer involvement in the Tax\$ave Open Enrollment is key to your employees receiving the valuable benefits offered by this program.

If you have general questions about Tax\$ave, the Open Enrollment, or the POP, call the NJDPB's Office of Client Services at (609) 292-7524, visit the NJDPB website at: **<http://www.nj.gov/treasury/pensions>** or send email to: **pensions.nj@treas.nj.gov**

For more information about the Unreimbursed Medical or Dependent Care FSAs, contact Horizon MyWay at: **<http://www.horizonblue.com/enrollfsa>** or call Horizon MyWay Customer Service at 1-888-215-0025.

Enclosures:

Tax\$ave Open Enrollment Milestones

2025 Tax\$ave FSA Webinar Flier

Request for Tax\$ave Employee Seminars

Open Enrollment Announcement Flier for Online Access to Publications