



TAX\$AVE NEWS

Published Annually for New Jersey State Employees

OPEN ENROLLMENT FALL 2025

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

The Tax\$ave Open Enrollment for Plan Year 2026 begins October 1, 2025, and ends on October 31, 2025. Tax\$ave Open Enrollment is your opportunity to save tax dollars in the 2026 tax year with the Premium Option Plan (POP) and two Flexible Spending Accounts (FSAs) for Unreimbursed Medical Expenses and Dependent Care Expenses. 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.



Enrollment in the POP component of Tax\$ave is automatic every year. The FSAs require that you re-enroll each year with Horizon *MyWay*®. There are a variety of ways to enroll in an FSA plan.

- Enroll online at: www.horizonblue.com/enrollfsa between October 1 and October 31, 2025.
- Enroll by calling 1-866-999-3531.
- Fax an *FSA Enrollment Form* to 1-866-231-0214 by midnight, October 31, 2025.
- Mail an *FSA Enrollment Form* to: Horizon *MyWay*, P.O. Box 14836, Lexington, KY 40511. Form must be postmarked no later than October 31, 2025.

For more information about the Tax\$ave plans, see the *Premium Option Plan* and the *Flexible Spending Accounts* fliers available online.

NJDPB Website

The NJDPB website is where State employees can find Open Enrollment information for both the State Health Benefits Program (SHBP) and Tax\$ave. Take a closer look at what the SHBP and Tax\$ave have to offer – you might be able to save by switching to a SHBP plan with a lower premium share or save on taxes with a Tax\$ave FSA. To learn more visit: www.nj.gov/treasury/pensions



Save Taxes on Health Care Contributions with the POP

Health care contributions or premiums for medical and prescription drug coverage under the SHBP are eligible for payment with before-tax dollars when you are enrolled in the Tax\$ave POP. This reduces the federal income, Medicare, and Social Security taxes you would otherwise pay on these amounts.

Enrollment in the POP is automatic every year for all eligible State employees — unlike the FSAs which require that you re-enroll each year.

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 claim forms for a particular plan year extends to April 30 of the following year.

- For Tax\$ave 2025 members, eligible FSA expenses may be incurred until March 15, 2026, and claims must be filed no later than April 30, 2026.
- For Tax\$ave 2026 members, eligible FSA expenses may be incurred between January 1, 2026, and March 15, 2027, and claims must be filed no later than April 30, 2027.

Note: Under the IRS guidelines for Unreimbursed Medical and Dependent Care FSAs, any contributions that remain unclaimed after the April 30 deadlines are forfeited by the plan participants.

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 Edenred Commuter Benefit Services. See the *Commuter Tax\$ave Program* Fact Sheet or contact Edenred at 1-866-512-8769 for details.

Medical FSA Maximum Allowance \$2,500

The maximum annual allowance that can be set aside for a Tax\$ave Unreimbursed Medical FSA is \$2,500 for the 2026 Plan Year. You can save federal income, Medicare, and Social Security taxes on up to \$2,500 of unreimbursed medical expenses. Enrolling in a Tax\$ave FSA makes sense when paying for doctor visits and prescription drug copayments, health plan deductibles, orthodontics, eyeglasses, Lasik surgery, many uncovered dental fees, or certain over-the-counter items (see section below). To enroll in an FSA plan, visit: www.horizonblue.com/enrollfsa

Dependent Care FSA Maximum Allowance \$5,000

The maximum allowance that can be set aside for a Tax\$ave Dependent Care FSA is \$5,000 for the 2026 Plan Year. You can save federal income, Medicare, and Social Security taxes on up to \$5,000 of dependent care expenses and other expenses necessary for you to work. Examples of eligible expenses include licensed daycare centers, private babysitters, preschool programs, etc. To view a complete list of eligible and ineligible dependent care expenses, visit www.horizonblue.com/dependentcare

The Dependent Care FSA is not to be used for medical care. Children are no longer eligible upon reaching age 13, and expenses for tax dependents over the age of 13 require proof of medical necessity. To enroll in a Dependent Care FSA, visit www.horizonblue.com/enrollfsa

Horizon MyWay Visa® Health Care Card Available for FSA

Tax\$ave Unreimbursed Medical FSAs include the Horizon MyWay® Visa Health Care Card that draws on the value of your annual Medical FSA election amount. The Horizon MyWay® Visa Health Care Card is included when you sign up with Horizon MyWay® for the Unreimbursed Medical FSA during Open Enrollment.

Using the Horizon MyWay® Visa Health Care 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 Horizon MyWay® Visa Health Care Card at approved providers and merchants 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 Health Care Card can also be used for certain eligible over the counter medical expenses at certified Inventory Information Approval System (IIAS) merchants (see section below about over the counter purchases).



Direct Deposit Available for FSA Payments

Horizon MyWay offers direct deposit of reimbursement payments from your Medical or Dependent Care FSAs. Set up your FSA reimbursement for direct deposit at: www.HorizonBlue.com or request a *Direct Deposit Enrollment Form* by calling Horizon MyWay Customer Service at 1-888-215-0025. 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.*

Tax\$ave, Adult Children, and Civil Union/Domestic Partners

Under the federal Patient Protection and Affordable Care Act (PPACA), qualified out-of-pocket medical expenses incurred by eligible, covered adult children under age 26 can be reimbursed through the Unreimbursed Medical FSA. Coverage applies until the end of the year in which the child turns age 26, regardless of the child's marital or student status.

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. 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 Internal Revenue Code (IRC) Section 152.

See IRS *Publication 503, Child and Dependent Care Expenses*, for additional information on the requirements for establishing dependent status for federal tax purposes. For more information about continued coverage for children age 26 to 31, see the *Health Benefits Coverage of Children Until Age 31 Under Chapter 375 Fact Sheet*.

Civil Union/Domestic Partners — The IRS recognizes a marriage of same-sex spouses for federal tax purposes, including the tax saving benefits available through Tax\$ave. However, this recognition does not include a civil union partner or same-sex domestic partner. Before any payroll contributions or premiums that an employee pays for a partner's SHBP medical or dental coverage can be made on a pre-tax basis under the Tax\$ave POP, the civil union/domestic partner must be able to qualify as a tax dependent of the employee for federal tax filing purposes under IRC Section 152.

Similarly, the civil union/domestic partner must qualify as the employee's tax dependent before out-of-pocket medical expenses incurred by the partner can be reimbursed under the Unreimbursed Medical FSA. See IRS *Publication 503, Child and Dependent Care Expenses*, 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, premium deductions for the partner's coverage must be made on an after-tax basis and funds in the Unreimbursed Medical FSA cannot be used for the partner's medical expenses.

Additional information about Civil Unions and Domestic Partners can be found in the *Civil Unions and Domestic Partnerships Fact Sheet*.

FSA Has Minimal Impact on Social Security

Payments to the FSAs and premium payments under the POP are not subject to Social Security deductions. Therefore, some members opt not to participate in Tax\$ave because it may slightly reduce Social Security benefits. This may not be a good financial decision.

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 would be \$1,343. If the same person had been contributing \$2,000 a year to an FSA for the last 10 years of employment, the tax savings would amount to between \$353 and \$653 per year (depending on the person's tax bracket). By contrast, the subsequent reduction in Social Security wages would produce a monthly Social Security allowance of \$1,335, a difference of only \$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!

New Jersey Division of Pensions & Benefits (NJDPB)

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