



The Texas A&M University System

Your Pretax Premiums Plan

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 spouse's premiums will be deducted on a pretax basis as well. Your dependent children's premiums can also be deducted pretax if you certify each year that at least one of your covered dependent children meets one of the following criteria:

- The child is 18 or younger on Dec. 31 of that year.
- If the child is older than 18 but younger than 24 on Dec. 31 of that year and is a full-time student, he/she must provide less than half of his/her own financial support. You or someone else provides the rest.
- If the child is older than 18 on Dec. 31 of that year and not a student, or if the child is age 24 and a full-time student, he/she must receive more than half of his/her financial support from you.

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 before-tax 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.

If You Do Not Wish to Participate in This Plan (Continued)

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 Sept. 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 (Sept. 1–Aug. 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.

Administrative Information

Plan Sponsor:

Benefits Administration Office
The Texas A&M University System
A&M System Building, Suite 1120
200 Technology Way
College Station, Texas 77845-3424
Mail Stop: 1117 TAMU
(979) 458-6160 or (800) 258-4440
tamus.edu/benefits/

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 Administrator and Agent for Service of Legal

Process: The plan administrator and agent for service of legal process is the Director of Risk Management, 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 Sept. 1 and ending each Aug. 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.