

Hot Off The Press

Payflex spending account administrative fee deducted “four months in May”.

As mentioned in the spending account SPD (summary plan description), a change has been made in the way the spending account administrative fee is deducted for nine-month employees and any other employees who have chosen only nine months of deductions. This was necessitated by a change in the way the fees are held.

For biweekly 9-month employees, a \$15 fee (4 X \$3.75) will be deducted from the May 11 paycheck. Monthly employees will see the \$15 fee on the June 1 paycheck. Previously, Tax Saver Plan was able to deduct fees from participants' accounts as they sent in claims to be processed. With Payflex, the administrative fee resides in an A&M System account. It is still strictly used for spending account fees charged to us by Payflex. As a result, the A&M System must collect and store the fee rather than the spending account vendor deducting a fee from the reimbursement.

This will result in greater equity between nine and twelve month employees. Since nine month employees can claim expenses throughout the entire plan year, they will be paying the same twelve months of administrative fee as twelve-month employees.

Long-Term Care Payroll File and Biweekly Deduction Changes (Revised 07/10/2007)

Due to numerous concerns regarding the delays in correcting deduction amounts, entry of new enrollments, and the associated communications challenges, the BPP Operations Center will be making two changes beginning in July of this year.

- Beginning in July, the monthly deduction file will be sent to us from John Hancock just a few days before the second biweekly payroll is processed. This will allow time for any changes or approvals processed on the first of July to be sent to us for processing. This should help alleviate the large number of double deductions, since the deduction file will be more current.
- Because the file will be sent after the first bi-weekly payroll deduction for the month, the entire LTC deduction for a biweekly employee will be taken out of the **second** biweekly payroll of each month rather than one-half of the total deduction being taken in each of the two insurance biweekly payrolls.

This information will be in the next HRUpdate and System Human Resources will be providing a list of the affected biweekly employees. Analysis done by the BPP Operations Center confirms that all biweekly employees should have enough pay to cover the full deduction amount on the second biweekly payroll.

To reiterate the timing of these changes:

- 1) The May 2007 premiums have already been sent by John Hancock. The updates to LTCE / LTCS May deductions were processed 4/25/2007.
- 2) John Hancock will send the July 2007 deductions on July 16th. The payroll process will be altered for both LTCE and LTCS to take the full deduction amount for biweekly employees out of the SECOND biweekly **on July 17th**. The monthly payroll will run on July 24th.
- 3) In subsequent months, John Hancock will send the file just prior to the second biweekly payroll or the monthly payroll, whichever comes first.

If you have questions or encounter any problems, please e-mail bpphelp@tamu.edu.