



**RAMSEY COUNTY**

**SUMMARY PLAN DESCRIPTION**

**FOR THE PRE-TAX PREMIUM PROGRAM**

This summary describes the Plan in an easy-to-read manner. Although it is our intent to have this summary accurately reflect the legal documents which constitute the Plan, if there is any conflict or inconsistency between the summary and the documents, the legal documents will govern. The Pre-Tax Premium Program is subject to IRS regulations. Ramsey County reserves the right to amend or terminate the Pre-Tax Premium Program at any time.

**January 2012**

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**WHAT IS THE PRE-TAX PREMIUM PROGRAM?**

The Pre-Tax Premium Program (PTPP) allows employees to use pre-tax dollars to pay their portion of medical and/or dental insurance premiums for the County-sponsored insurance programs.

**WHEN IS THIS PLAN EFFECTIVE?**

The Plan operates on a "Plan Year" which is also the calendar year. Eligible employees enroll prior to the beginning of the Plan Year for premium expenses that will be incurred during the Plan Year for County-sponsored medical and/or dental insurance. Eligible employees who enroll in the County-sponsored medical and/or dental plan during the Plan Year (for example, new hires) participate in the PTPP for premium expenses that will be incurred during the remainder of the Plan Year.

**WHO IS ELIGIBLE FOR THE PLAN?**

Permanent, probationary, provisional, or unclassified employees who work 40 hours or more per pay period on a regular basis are eligible to participate in the plan.

**HOW DO EMPLOYEES ENROLL IN THE PLAN?**

When employees enroll in the County-sponsored employee medical or dental plans, they elect whether or not to have the premiums deducted from their pay on a pre-tax basis. If they elect the "before-tax" option, they are participating in the PTPP.

New hires must submit an enrollment election within the first 31 days of employment. Employees becoming newly-eligible for benefits due to an increase in their work hours may enroll within 31 days of becoming eligible for insurance coverage.

All other benefit-eligible employees are offered the opportunity during the annual Open Enrollment period to elect to participate in the PTPP by electing the "before tax" option for medical and/or dental insurance coverage.

If an employee elects to participate in the PTPP, participation will automatically renew in subsequent years unless the employee elects at Open Enrollment to change to the "after tax" option, or if they waive coverage.

**HOW ARE CONTRIBUTIONS MADE TO THE PLAN?**

The employee share of premiums for the County-sponsored medical and/or dental insurance will be deducted from the employee's gross pay prior to the calculation of State and Federal taxes, and will be placed in a separate account established by the County for payment of premiums. The County will pay premiums to the insurer(s) on a monthly basis, or as otherwise required by the terms of the contract with the insurer.

**CAN ELECTIONS BE CHANGED DURING THE PLAN YEAR?**

Generally, no. An election for any Plan Year shall be irrevocable during the Plan Year unless there is an election change event. However, if the amount of the insurance premium changes during the year, the amount going through the PTPP will automatically change accordingly, subject to certain limitations as stated in IRS regulations.

Participants may revoke an election for the balance of the Plan Year and file a new election if the new election is on account of and consistent with the election change event and consistent with the terms of the Plan; generally, the new election must also impact eligibility for the program.

Changes include, but are not limited to:

- Change in legal marital status, including marriage, legal separation, annulment, divorce or the death of spouse.
- Change in the number of tax dependents, including the birth, adoption, placement for adoption or death of a child.
- Change in employment status of the employee, the employee's spouse or dependents, including termination or commencement of employment, a reduction or increase in hours, a strike or lockout, a commencement of or return from an unpaid leave, a change in job location, or any other change in employment status that affects eligibility under an employer plan.
- An event that changes a dependent's eligibility for coverage.
- Significant change in cost or coverage.

Employees must inform the Ramsey County Human Resource Department of their intent to change their election within 31 days of the election change event.

**WHAT HAPPENS IF AN EMPLOYEE TAKES AN UNPAID LEAVE OF ABSENCE?**

Participation in PTPP stops when an employee is no longer paying premiums through Ramsey County payroll deduction. Upon return from unpaid leave of absence, participation in PTPP will automatically resume, unless the employee notifies Human Resources within 31 days of return that they wish to stop participation.

**WHAT HAPPENS IF AN EMPLOYEE TAKES A PAID LEAVE OF ABSENCE?**

Participation in the Pre-Tax Premium Program will continue during a paid leave of absence.

**WHAT HAPPENS IF AN EMPLOYEE TERMINATES EMPLOYMENT DURING THE YEAR?**

Participation in the Pre-Tax Premium Program terminates at the same time that the employee contribution toward medical and/or dental insurance premiums terminates.

**COULD CONVERTING PART OF PAY TO PRE-TAX DOLLARS FOR THIS PLAN CAUSE SOCIAL SECURITY AND OTHER GOVERNMENT BENEFITS TO BE REDUCED?**

Yes. If an employee's salary is below the Social Security Wage Base (\$110,100 in 2012) or your Pre-Tax Premium Program amounts reduce your annual salary below this amount, Social Security taxes will be lower. Consequently, future Social Security retirement benefits will also be slightly lower. For many employees, however, the immediate tax benefits of the Pre-Tax Premium Program outweigh the slightly reduced future Social Security benefit.

**WILL PERA CONTRIBUTIONS AND BENEFITS UNDER THE PROGRAM BE REDUCED BECAUSE OF PARTICIPATE IN THIS PLAN?**

No. PERA contributions and benefits will continue to be based on gross pay, so they will not be reduced if you participate in PTPP.

**CAN PREMIUM EXPENSES PAID THROUGH THE PTPP ALSO BE CLAIMED AS MEDICAL EXPENSES ON AN EMPLOYEE'S TAX RETURN?**

No. Employees are responsible for any tax or legal consequences that may occur if they claim premiums that were paid through the PTPP as medical expenses on their tax returns.

## ADMINISTRATIVE INFORMATION

- 1. Plan Sponsor:**  
Ramsey County  
Suite 2100  
121 7<sup>th</sup> Place East  
St. Paul, MN 55101
  
- 2. Plan Sponsor's Employer Identification Number:** 41-6005875
  
- 3. Type of Plan:**  
This Plan is commonly known as a "cafeteria benefit plan." This plan permits eligible employees to choose to reduce their salaries to pay for qualified benefits on a pre-tax basis, to pay premiums on an after-tax basis, or to waive the benefit completely.
  
- 4. Type of Funding:**  
This Plan is funded by participating employees' pre-tax contributions through salary reduction.
  
- 5. Plan Administrator:** Ramsey County
  
- 6. Type of Administration:**  
The Plan is administered and enrollment and payroll deduction records are maintained by the Plan Administrator.
  
- 7. Agent for Service of Legal Process:** Ramsey County
  
- 8. Requests for Information:**  
If you have any questions regarding the Pre-Tax Premium Program, please contact Sam Howell of the Ramsey County Human Resource Department at (651) 266-2927.
  
- 9. Plan Year:**  
The Plan Year is the calendar year of January 1 through December 31.