



North Dakota Public Employees Retirement System (NDPERS)

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This publication contains information for enrolling in the NDPERS Plans administered by NDPERS.

This publication is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.

STATE OF NORTH DAKOTA

FLEXCOMP PLAN



Administered By:
North Dakota Public Employees Retirement System

Eligibility

The NDPERS Flexcomp Plan is available to eligible employees of the State of North Dakota, participating District Health Units, and members of the Legislative Assembly. Employees of the university system and political subdivisions are excluded from participation in the plan. To be eligible, an employee must be 18 years of age, work at least 20 hours per week for at least 20 weeks per year and be in a permanent position that is regularly funded and not of limited duration.

Enrollment

New employees will be eligible to participate the first day of the month following their permanent full-time employment. However, the election period will be extended 60 days from a new employee's date of hire. An election made during the extended 60-day period will not be effective until the first contribution is received. Participation is limited to expenses incurred for the remainder of the plan year on December 31.

Each year NDPERS designates an annual enrollment season during which employees may enroll or discontinue their participation in the plan beginning January 1 through December 31.

How the FlexComp Plan Works

The FlexComp Plan is a tax favored employee benefit program and is established and administered under Section 125 of the Internal Revenue Code. It allows you to save taxes on the amount you pay for eligible payroll deducted insurance premiums, medical expenses, and dependent care expenses. Since the dollars you contribute to the plan are deducted before income and social security tax are deducted you will pay less tax, which means you may have more money to spend or save. However, you should be aware you are reducing the social security taxes paid, which could slightly reduce your social security benefits.

Employees may elect to participate in any combination of the three pre-tax accounts.

Premium Conversion

NDPERS Group Life Plan – If an employee elects to have supplemental life coverage in addition to the basic life coverage, the deduction up to the first \$50,000 of coverage will automatically default to a pre-tax deduction, unless the employee makes an election to decline this action and pay the premium with after tax dollars.

NDPERS administered CIGNA Dental and Superior Vision plans are eligible for pre-tax payroll deduction.

If an employee elects to pretax an insurance premium, they may not change or drop coverage during the plan year unless they experience an IRS Qualified Change of Status.

Certain insurance products listed below may be paid with pretax dollars, by payroll deduction, through your employer.

AFLAC Product Name	Company Representative Cynthia Welken-Place 701-258-6040 Product Description	Pretax Eligibility
Cancer	Cancer indemnity policies providing benefits for diagnosis of skin cancer, internal cancer as well as annual screening benefits. Health Savings Account Compliant	Eligible
Hospital Confinement	Indemnity benefits whether hospitalized days or weeks.	Eligible
Hospital Intensive Care	Provides coverage in the event of a sickness or injury and is admitted to the ICU unit. Health Savings Account Compliant	Eligible
Accident	Accident indemnity policies providing benefits for accident/injury. Health Savings Account Compliant	Eligible
Lump Sum Critical Illness	Pays a lump sum benefit for code red major critical illness event. (Heart attack, stroke, coma, paralysis, major organ transplant, end stage renal failure. Riders available for cancer, sudden cardiac death.)	Eligible
Personal Sickness Indemnity	Indemnity policy for sickness related hospital confinement, major diagnostic exams, in & out-patient surgeries.	Not Eligible
Specified Health Event	Critical care, recovery indemnity policies for major critical illness.	Eligible
Disability	All disability policies that are specific replacement of income benefits. Health Savings Account Compliant	Not Eligible
Dental	Voluntary dental. No networks, no deductibles, no pre-certifications. Health Savings Account Compliant	Not Eligible
Vision Now	Vision indemnity policy providing vision insurance, vision correction benefits. Health Savings Account Compliant	Not Eligible
Life	All life policies. Health Savings Account Compliant	Not Eligible

Central United Product Name	Company Representative James M Kasper 701-232-6250 Product Description	Pretax Eligibility
Cancer Insurance	Provides cash benefits to covered persons for treatment of cancer. Health Savings Account Compliant	Eligible

Colonial Life & Accident Product Name	Company Representative David Ryden 651-633-7500 Product Description	Pretax Eligibility
Accident	Composite rated, guaranteed renewable accident product with choice of plan levels and optional riders. It provides indemnity benefits for on and off the job accidents. Health Savings Account Compliant	Eligible

Cancer	Composite rated, guaranteed renewable specified disease product with choice of plan levels and optional riders. Provides benefits for expenses related to cancer. Health Savings Account Compliant	Eligible
Disability	Age banded, guaranteed renewable short-term disability income product. (Disability insurance premium paid with pre-tax dollars – Please note: A benefit paid to an employee that becomes disabled will be subject to income taxes.)	Eligible
Medical Bridge	Age banded, guaranteed renewable hospital confinement indemnity product. Choice of plans, levels. Includes confinement, rehab unit, surgical and diagnostic procedures. Health Savings Account Compliant	Eligible
Critical Illness	Specified disease product with a lump sum benefit upon diagnosis of a covered specified disease with a choice of plan options for reoccurrence, cancer, face amounts, and optional riders. Health Savings Account Compliant	Not Eligible
Life	All life insurance policies. Health Savings Account Compliant	Not Eligible

Conseco Product Name	Company Representative Odell Braaten 701-367-3604 Product Description	Pretax Eligibility
Cancer Insurance	Cancer Benefits/ICU – Health Savings Account Compliant	Eligible

Total Dental Administrators Product Name	Company Representative Logan Stucki 801-268-9740 Ext 306 Product Description	Pretax Eligibility
Elite Choice	Fully insured dental program. Health Savings Account Compliant	Eligible

USABLE Product Name	Company Representative Peg Dickelman 701-277-2319 Product Description	Pretax Eligibility
Accident Elite	Employees can get help prevent financial hardship due to medical/travel expenses caused from an accident. Payments direct to employee. Health Savings Account Compliant	Eligible
Cancer Care Elite	Payments direct to employee for new and experimental treatment, travel, lodging, out of pocket medical costs, deductibles, co-pay amounts. Health Savings Account Complaint	Eligible
Hospital Confinement Plan	Payment direct to employee for costs related to intensive care, hospitalization, birth of a child, accidents. Health Savings Account Compliant	Eligible

Medical Spending Account

An employee may redirect a portion of their salary for eligible medical expenses up to a maximum of \$6,000 per plan year. The total annual medical spending election amount is available to you at any time during your participation within the Plan Year. Requests for reimbursement from a medical spending account are paid throughout the year according to a participant's annual medical spending election amount.

Employees who are enrolled in a High Deductible Health Plan with contributions made to a health savings account (HSA) cannot participate in the medical spending component of the FlexComp Plan.

Money set aside in a medical spending reimbursement account can be used to pay for qualified health care expenses for you, your spouse and dependent children. In addition, eligibility rules have been expanded to allow you to include your adult children that no longer meet the requirements of dependent. The extension of coverage applies to your son, daughter, stepson, stepdaughter, legally adopted and eligible foster children. It is not necessary that your child be a student, be financially supported by you, or that he or she reside with you. Both married and unmarried children can now qualify as a dependent, but coverage does not extend to any spouse of your child or to grandchildren. You may now be reimbursed for qualified health care expenses for these individuals through age 26. Eligibility ceases January 1st of the calendar year in which the family member will turn age 27.

If an employee elects to participate in a medical spending reimbursement account, they may not change or drop coverage during the plan year unless they experience an IRS Qualified Change of Status.

Examples of eligible medical expenses include:

- Insurance co-payments, coinsurance and deductibles.
- Prescription drug co-payments and coinsurance.
- Optometry expenses not covered by insurance, including examinations, contact lens, contact solutions, prescription eyeglasses, prescription sunglasses, laser surgery to correct vision.
- Dental expenses not covered by insurance, including fillings, x-rays, exams, cleanings, extractions, dentures.
- Orthodontic expenses may be reimbursed based on payments made to the provider during the plan year. A receipt from the provider that identifies the payment is for orthodontia and includes the patient name, date, and amount of payment is required.

You cannot obtain reimbursement for:

- Cost incurred before coverage is effective or after coverage ends.
- Insurance premiums.
- Cosmetic products or procedures.
- Contact lens insurance and maintenance agreements, an eyeglass warranty, clip-on sunglasses.
- Massage therapy unless prescribed by a physician to treat a specific medical condition.

Dependent Care Reimbursement Account

An employee may redirect a portion of their salary up to a maximum of \$5,000 per year for a single parent, \$5,000 per year for a married couple filing a joint tax return or \$2,500 for a married person filing separately. Requests for reimbursement from a Dependent Care Reimbursement Account will be paid according to the dollars available in your account to date.

If an employee elects to participate in a dependent care reimbursement account, they may not change or drop coverage during the plan year unless they experience an IRS Qualified Change of Status.

Eligible Dependent Care expenses must:

- Be for the purpose of enabling you or you and your spouse to be employed.
- Be for a child under 13 years of age who is your dependent under Federal Tax Rules. The child must reside with you at least one-half of the taxable year.
- Be provided by someone other than your spouse or another dependent child.
- The dependent care account can also be used for the care of a spouse or dependent over the age of 13 who is incapable of self-care. The adult dependent who is incapable of self-care must live with you for more than one-half the taxable year and not have more than \$3,200 per year in gross income.

Eligible expenses may also include:

- Before and after school care.
- Registration fees if fee must be paid in order to obtain care.
- Day camp.
- Preschool/nursery school.
- Transportation expenses, if expenses are for transporting a child to or from the place where care is provided and transportation is furnished by the day care provider.
- Late "pick-up" fee.

You cannot obtain reimbursement for:

- Costs incurred before coverage is effective.
- Food if billed separately from the dependent care expenses.
- Late payment fees.
- Educational expenses; once your child enters kindergarten, only before and after school care is eligible.

Dependent Care Reimbursement Account vs. Dependent Care Tax Credit

The dependent care reimbursement account is an alternative to taking a dependent care tax credit on your income tax return. You must choose whether to take the tax credit or enroll in the dependent care reimbursement account. The IRS will not allow you to receive two tax breaks on the same expenses.

The income level of you, or if married, you and your spouse, will determine whether the dependent care reimbursement account or the income tax credit is more favorable for you. Contact a qualified tax consultant for complete details.

Payments made to you from a dependent care account are not taxable, but the amount redirected will appear on your W-2 form. This will inform the IRS that you have received a tax break on that expense through the FlexComp Plan. You are required to file IRS Form 2441 with your tax return.

Please note that this is for general information only and is not intended to provide specific advice or recommendations. We suggest you consult your accountant or tax advisor with regard to your individual situation.

Important IRS Rules that you should take into consideration when participating in the FlexComp Plan.

Grace Period

Amounts' remaining in a participant's medical spending and/or dependent care account at the end of the plan year can be used to reimburse expenses that are incurred between January 1 and March 15 of the new plan year under the following conditions:

Coverage must be in effect on the last day of the plan year on December 31.

You must indicate on the Flexcomp Reimbursement voucher that you want expenses received during the grace period reimbursed from any balance remaining in your account(s) from the previous plan year. If you select this option, expenses incurred during the grace period and approved for payment will be reimbursed first from any amount available in the prior plan year. If expenses exceed the account balance, you will then be reimbursed from your current plan year account(s) if applicable.

There may be taxable income to an individual if reimbursements from a dependent care expense account exceed Internal Revenue Service permitted amounts in a calendar year. We suggest you consult your accountant or tax advisor with regard to your individual situation.

Use-or-Lose Rule

The deadline to file claims to your medical spending or dependant care account(s) is 4 months after the end of the plan year on December 31 or April 30. Any unused amount in a medical spending reimbursement account cannot be used for dependent care expenses or vice versa. Any amounts remaining in your accounts after April 30 is forfeited.

Change in Participation

The IRS requires that once you elect to participate, your payroll deductions may not be stopped or changed until the start of the next plan year. The only exception is if you experience an IRS Qualified Change of Status.

Separate Accounts

You may participate in either or both spending accounts. However, the Medical Spending Account and Dependent Care Account are separate accounts. You may not use money from one account to cover expenses in the other.