



# TRUMBULL PUBLIC SCHOOLS

## Pre-Tax or Post-Tax Option for Insurance Premium Cost Share COMPENSATION REDUCTION AGREEMENT

ALL EMPLOYEES WHO ENROLL IN MEDICAL/RX OR DENTAL INSURANCE MUST COMPLETE AND RETURN THIS FORM WITH YOUR INITIAL ENROLLMENT FORM. IF YOU ARE CONTINUING COVERAGE AND DO NOT WANT TO CHANGE YOUR PRE-TAX OR POST-TAX ELECTION, YOU DO NOT NEED TO COMPLETE THIS FORM.

**NEW ENROLLEES - IF YOU DO NOT RETURN THIS FORM BY May 10, 2017**

**YOU WILL AUTOMATICALLY BE ENROLLED IN THE POST-TAX OPTION.**

Name: \_\_\_\_\_ Employee ID Number: \_\_\_\_\_

Address: \_\_\_\_\_

School: \_\_\_\_\_ Position: \_\_\_\_\_

I have enrolled in Medical/RX and/or Dental Insurance Benefits Plans.

**YOU MUST SELECT ONE OF THESE OPTIONS:**

\_\_\_\_\_ I elect premium cost share deductions on a **PRE-TAX** basis.

\_\_\_\_\_ I elect premium cost share deductions on a **POST-TAX** basis.

**Compensation Reduction Agreement**

Trumbull Public Schools and I agree that my compensation will be reduced by the amount of my required contribution for the benefit options that I have elected under the Pre-Tax Employee Contributions Option, as of the effective date of the Plan, and continuing for each succeeding pay period until this agreement is amended or terminated. The amount of my required contribution and the period that it is effective is set forth on a schedule that has been provided to me.

**I understand that:**

I cannot change or revoke this compensation reduction agreement, unless I have (a) a change in family status as set forth in the Pre-Tax Employee Contribution Option (b) the cost to me to receive the benefits significantly increases, (c) or the benefits, insofar as they are provided through insurance or health maintenance organizations, are significantly curtailed or cease during the Plan Year. If my required contributions are increased or decreased, my pay reduction will automatically be adjusted to reflect that increase or decrease. However, if such increase is significant within the meaning of Internal Revenue Service regulations, then I will have the right to change or revoke this compensation reduction agreement. If I revoke my election hereunder, I may receive coverage under another health plan sponsored by the Employer, if one is available, that offers similar coverage.

Prior to the start of each plan year, I will be offered the opportunity to change my enrollment forms for the following Plan Year. If I do not complete and return new enrollment forms at that time, I will be treated as electing to continue my benefits coverage then in effect for the new Plan Year.

The Plan Administrator may reduce or cancel the amount of my compensation reduction or otherwise modify this compensation reduction agreement in accordance with the Pre-Tax Employee Contributions Option if it believes it is advisable in order to satisfy certain provisions of the Internal Revenue Code.

The reduction in my cash compensation under this compensation reduction agreement will be in addition to any reductions under other agreements or benefits plans.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Employee

## **Pre-Tax or Post-Tax Option for Insurance Premium Cost Share**

The purpose of the Pre-Tax Employee Contribution Option is to help you reduce your Federal and State Income Tax and reduce your Medicare/FICA liability (if any). Under the plan, all payroll deductions for **employee health insurance premiums** will be taken from the gross salary BEFORE TAXES are calculated. This process reduces your gross income (for tax purposes) by the pre-tax deduction, thus reducing the taxes you pay. The Pre-Tax Employee Contribution Option is available for all employees who are enrolled in Medical/Rx and/or Dental insurance. In order to have pre-tax deductions, you must fill out and sign the attached Enrollment Form. If you are a new enrollee and do not return a form, you will automatically be enrolled in the Post-Tax Option.

### **IMPORTANT:**

If you are a new enrollee in our Medical/Rx or Dental insurance, or want to change your current Pre-Tax or Post-Tax election, please return this form to Long Hill Insurance by May 10, 2017.

### **THE PRE-TAX OPTION IS NOT BENEFICIAL TO EVERYONE. YOU SHOULD BE AWARE OF THE FOLLOWING IMPORTANT INFORMATION.**

1. Your eventual Social Security benefit may be slightly reduced. The impact is greater as you near retirement age. For certain individuals, the current tax savings may be worth more than the lost Social Security benefit.
2. **Because the Pre-Tax Contribution Option is governed by IRS regulations, you will not be able to change the tax status of your medical or dental deductions after the plan year begins unless you have a change in family status, or there is a change in your spouse's employment.**