



MEMORANDUM
2017- 7

TO: PRIMARY AUTHORIZED AGENTS, AUTHORIZED AGENTS AND FINANCE CONTACTS ON THE STATE PEOPLESOFT PAYROLL SYSTEM

FROM: NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

DATE: JUNE 6, 2017

SUBJECT: WELLNESS BENEFIT REINSTATEMENT – PAYROLL REPORTING

If you are not the person who should receive this email for your employer, or if other staff should be included, please forward as necessary.

The NDPERS Board has approved the reinstatement of the Dakota Wellness Program \$250 Benefit available to all employees and their covered spouses effective June 1, 2017. This benefit is taxable according to the [Internal Revenue Service \(IRS\) memorandum #201622031](#) which advises that cash payments made to members for gym memberships and other cash-equivalent incentives (i.e. gift cards and prizes) for participation in a wellness program are taxable income. Please note it is your responsibility to communicate to your employees how taxes will be withheld from their paychecks.

Reporting

Sanford Health Plan (SHP) will provide OMB Central Payroll with a monthly wellness benefit redemption file listing your employees and their covered spouse's wellness benefit redemption amounts. This includes payments made through the Sanford Health Plan redemption center and fitness center reimbursements, if any. OMB is responsible for uploading this information to the paysheets. **The amount will be added to the employee's taxable monthly gross pay starting August 1, 2017. The earnings will be coded using earnings code S93, Wellness Benefit - Taxable. Applicable employment and income taxes will be withheld.**

The monthly wellness benefit redemption file is developed utilizing the following assumptions:

1. The employer elects to use the [special accounting rule](#) whereby the employer treats the value of benefits provided during the last two months of the calendar year as being paid during the subsequent calendar year.
2. The first file will include wellness benefit payments made from 1/1/2017 – 6/30/2017, which includes fitness center reimbursements earned at the end of 2016 but paid to the employee in 2017.
3. The employer will report payments made from 11/1/2016 – 10/31/2017 on the 2017 W-2.
4. The file will report payments made to an employee/spouse based on the employer they are covered with as of the date the file is generated.

Additional Information

To view employee's wellness benefit reinstatement information materials, please access the NDPERS website at <https://ndpers.nd.gov/wellness-benefit/>. If you have any questions, please e-mail the NDPERS info account at ndpers-info@nd.gov.