



## **MEMORANDUM** **2017- 6**

**TO:** Primary Authorized Agents, Authorized Agents And Finance Contacts for Political Subdivisions, District Health Units & State Employers Not on PeopleSoft on the NDPERS Group Health Plan

**FROM:** North Dakota Public Employees Retirement System

**DATE:** June 6, 2017

**SUBJECT:** Wellness Benefit Reinstatement - Monthly Redemption File for Tax Withholding

**If you are not the person responsible for the W-2 reporting 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***

For your convenience, Sanford Health Plan (SHP) will provide employers with a monthly wellness benefit redemption file by the 8<sup>th</sup> of each month. The file will include your employees and their covered spouse's wellness benefit redemption amounts, if any. This includes payments made through the Sanford Health Plan redemption center and fitness center reimbursements.

**This monthly file is available for employers to determine taxable amounts subject to payroll tax withholdings for employers and employees.**

To request your employer's file, you must first complete the attached Secure File Transfer Protocol (SFTP) Setup Form to designate an authorized contact within your organization by **June 15, 2017**. The monthly wellness benefit redemption file is developed using 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 following calendar year.
2. The first file will include wellness benefit payments made from 11/1/2016 – 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/>.

For questions regarding wellness benefit reports, please contact Steve Webster, Sanford Health Plan, at (701) 417-6517 or [Steve.Webster@sanfordhealth.org](mailto:Steve.Webster@sanfordhealth.org).



## Sanford Health Plan SFTP Setup Form

Sanford Health Plan (SHP) will provide monthly wellness benefit redemption files via a Secure File Transfer Protocol (SFTP). In order to receive the instructions to access the SFTP, it will be necessary for a contact person to be designated on behalf of your employer group. This contact will be sent SFTP credentials via secure email which will contain instructions on connectivity, username, password, troubleshooting and step-by-step instructions to access the monthly wellness benefit redemption files.

**Please complete the Group Contact information section below and return by June 15, 2017 to:**

Attn: Steve Webster

Email: [Steve.Webster@sanfordhealth.org](mailto:Steve.Webster@sanfordhealth.org)

Mail: Sanford Health Plan

1749 38<sup>th</sup> Street S

Fargo ND 58103

SFTP credentials will be distributed by the end of June and will contain the subject line: Wellness Benefit Redemption Files. The files will be uploaded on the 8<sup>th</sup> day of every month, beginning July 2017. The Group Contact will receive notice via email when the file has been uploaded and is available.

If you have any questions, please contact Steve Webster at (701) 417-6517.

Sincerely,

Sanford Health Plan

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### Group Contact Information Update

Group Name\* \_\_\_\_\_

NDPERS Group ID\* \_\_\_\_\_

Contact Person\* \_\_\_\_\_

Contact Address\* \_\_\_\_\_

Contact Phone\* \_\_\_\_\_

Contact Email\* \_\_\_\_\_

\*Required Field