

# The Tax Advantage Premium Plan

## WHAT IS TAPP?

The Tax Advantage Premium Plan (TAPP) is known also as the California State University Premium Conversion Plan. TAPP allows you to pay required health plan premiums from your salary on a pre-tax basis. Any such premiums for the CSU-sponsored coverage you have selected will be deducted each month from your salary before federal and state income and Social Security/Medicare taxes are calculated and deducted. This means you will not pay taxes on those premiums—they are converted to tax-free expenses.

## WHO IS ELIGIBLE?

You are eligible to participate in TAPP if you are an active CSU employee enrolled in a CalPERS health plan.

## HOW DO I ENROLL?

If you are a new employee enrolling in health coverage, you will be enrolled in TAPP automatically. If you prefer to pay your premiums from after-tax salary, you must notify your Human Resources within 60 days of becoming eligible or during the open enrollment period in September–October for coverage for a full plan year (January 1 through December 31).

## CAN I CHANGE MY ELECTION?

Once your choice of pre-tax premium payment has become effective for a plan year, you can only make changes during the annual open enrollment period, unless you have a status change event. The open enrollment period is every September–October for coverage effective January 1 through December 31 of the following year. Status change events are explained in the FlexCash section of this booklet.

## WHAT HAPPENS IF MY PREMIUM CHANGES OR IF I GO ON LEAVE?

If your premium contributions change during the year, your TAPP deductions will be adjusted automatically for the change. Contributions will continue during any paid leave, but will stop if your leave is unpaid. If your unpaid leave qualifies for continuation of benefits under the Family and Medical Leave Act, you may continue your coverage during your leave on an after-tax basis.

## WHAT EFFECT DOES TAPP HAVE ON MY OTHER BENEFITS?

TAPP will have no impact on your CalPERS retirement, nor on any other CSU-paid benefit. However, depending on your salary, your Social Security Benefits at retirement may be reduced slightly, because you will have paid Social Security taxes on a lower wage.