

# **Administrative Manual**

**FOR AGENCY PAYROLL/BENEFITS ADMINISTRATORS**

## **COMMONWEALTH OF VIRGINIA**

### **Miscellaneous Insurance and 403(b)**

Administered by:



# OVERVIEW

FBMC Benefits Management is the Third Party Administrator (TPA) for the Commonwealth of Virginia for the Miscellaneous Insurance and 403(b) Program.

These Miscellaneous Insurance and 403(b) products are supported through payroll deductions for State employees and are processed through the Commonwealth Integrated Payroll/Personnel System (CIPPS).

The Commonwealth of Virginia allows various deductions to be taken from employee pay. The Department of Accounts (DOA) is responsible for deductions required by law or authorized by the employee as a prerequisite for participation in State-sponsored programs such as health care insurance, flexible spending accounts, or deferred compensation. These activities are not a component of the voluntary Miscellaneous Insurance and 403(b) program.

The Commonwealth does not sponsor the products offered under the Miscellaneous Insurance/403(b) program. The program is intended to benefit employees by providing payroll deduction services for commercially available products among a “network” of independent vendors.

Although they are included in the program, Tax Sheltered Annuity (TSA) (pre-tax) products are available only to employees at higher educational institutions and 501(c)(3) organizations. The deductions for products offered under the Miscellaneous Insurance and 403(b) program will herein be referred to as “miscellaneous deductions.”

Salaried employees receive Cash Match contributions on paydays in which they receive a salaried paycheck and make a contribution to a 403(b) (i.e., tax-sheltered annuity) or 457 (Deferred Compensation Plan). The cash match amount is 50% of the 403(b) contribution up to the amount authorized in the Fiscal Year Appropriations Act (typically \$20 semi-monthly and \$40 monthly). Accelerated or catch-up contributions are not permitted in order to reach the maximum annual Cash Match. An employee may make one (1) change of participating vendor company annually.

These miscellaneous deductions/amounts are processed through CIPPS using:

- a. One post-tax deduction for voluntary insurance products; (Deduction 41)
- b. One pre-tax deduction for annuity products; (Deduction 39)
- c. One post-tax deduction to charge employee-paid administrative fees, where applicable (Deduction 42)
- d. One employer-paid memorandum deduction for the employer cash match contribution (Deduction 46).

Administrative fees are charged to fund the consolidated billing process, as the Commonwealth does not sponsor the voluntary products for which deductions take place. In many cases, the Vendor pays the administrative fee on behalf of the employee. When the Vendor does not pay the administrative fee, the fee is charged to the employee and is taken through payroll deduction. A list of eligible vendors can be found at the Virginia Provider Network web site at:

[www.fbmc-benefits.com/vaprovidernetwork](http://www.fbmc-benefits.com/vaprovidernetwork)

Fees: Miscellaneous Insurance Products:

- The employee-paid fee is \$.35 per deduction per pay period per Vendor.
- Vendor-paid administrative fees vary based on the level of participation with the Vendor as described in the Administrative Manual for Vendors.

Fees: 403(b) Program/Cash Match Program:

- The employee-paid fee is \$.35 per deduction per pay period per Vendor regardless of cash match participation. Example, if an employee has three 403(b) providers, the \$.35 fee will be assessed for each provider total \$1.05, even though only one provider receives the cash match contribution, or regardless of whether there is a cash match contribution at all.
- Vendor-paid administrative fees vary based on the level of participation with the Vendor as described in the Administrative Manual for Vendors.

## REQUIRED FORMS

The FBMC SRA and SDA forms are the only forms that will be accepted to start, stop or change deductions. Vendors will primarily provide these forms directly to employees. Agency Payroll/Benefits Administrators can retrieve forms from the website as a contingency.

There are five forms utilized by various vendors and found on DOA's website at:

[http://www.doa.virginia.gov/payroll/TPA/TPA\\_Main.cfm](http://www.doa.virginia.gov/payroll/TPA/TPA_Main.cfm)

### 1. Post-Tax Salary Deduction Agreement (SDA)

The form is used for all post-tax Miscellaneous Insurance. Vendors are responsible for providing this form to the employee, properly completing the form, and providing it to FBMC when the policy has been issued and deductions should begin.

### 2. Pre-Tax Salary Reduction Agreement (SRA)

The Pre-Tax SRA is used for 403(b) tax sheltered annuity deductions. Pre-tax deduction products are available only to Commonwealth of Virginia employees in qualifying agencies. Employees in most "line agencies" are not eligible for these pre-tax deductions; therefore, some Agency Payroll/Benefits Administrators will not utilize this form. This form authorizes the agency to reduce the employee's salary by the amount to be sent to the investment provider by the Agency on behalf of the employee.

### 3. Cash Match Form (CMF)

The Cash Match Form is used to either enroll or change provider companies in the Virginia Cash Match program. Eligible employees may make one change of Provider Company annually.

### 4. Employment Status Change Form

Payroll/Benefits Administrators must use this form to communicate terminations, retirement, leave of absence and agency transfers to FBMC.

### 5. Exceptions Response Form

Payroll/Benefits Administrators will find this form helpful when responding to FBMC regarding exceptions/discrepancies.

## FORM FLOW

### POST-TAX

All Post-Tax SDA must be initiated between the Vendor Agent and the employee. Upon completion, the form will be forwarded by the vendor agent to the vendor's main office. When all underwriting requirements have been fulfilled, the original form will be forwarded to FBMC for data entry. FBMC will provide a Change File to the Department of Accounts responsible for setting up the deduction in CIPPS.

The TPA cut-off schedule can be found at [http://www.doa.virginia.gov/Payroll/TPA/TPA\\_Main.cfm](http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.cfm).

If the cut-off date has not been met, the deduction will start on the next payroll date. Form flow is provided below.

1. Employee contacts Vendor.
2. Vendor processes application.
3. Vendor provides SDA to FBMC. This is provided to FBMC only AFTER underwriting (if required) has been completed.

Contact: Benefits Administration  
Mail Slot #37  
FBMC Benefits Management, Inc.  
P.O. Box 1878  
Tallahassee, Florida 32302-1878  
Phone: 800-872-0345 Ext. 2312 Barbara Reed or Carol Simmons Ext.2223  
Fax: 850-514-5803  
E-mail: [Breed@fbmc.com](mailto:Breed@fbmc.com) or [Csimmons@fbmc.com](mailto:Csimmons@fbmc.com)

4. FBMC data-enters the form and produces a Change File and an Enrollment Change Report, which is then published to the client's FTP site for downloading. The Department of Accounts uses the automated Change File to establish, change or cease deductions. Agency Payroll/Benefits Administrator must notify FBMC prior to processing any requests for deduction refunds.

5. The Payroll/Benefits Administrator may notify FBMC via e-mail, letter, or SDA form to stop a post tax deduction. The employee should contact the vendor.

**Note:** If this process is followed, the number of Exceptions/Discrepancies reported by FBMC to the Payroll/Benefits Administrators will be greatly reduced.

## **PRE-TAX CONTRIBUTIONS – 403(b)**

All Pre-Tax SRAs will be initiated between the Vendor/Agent and the employee. This form only authorizes the agency to reduce the employee's salary by the amount to be sent to the investment provider by the agency on behalf of the employee. This is not an internal investment provider application form to establish the 403(b) account. FBMC will provide a Change File to the Department of Accounts responsible for settings up the deduction in CIPPS. To ensure that the deductions start on the current payroll, the payroll cut-off dates must be honored. If the cut-off date has not been met, the deduction will start on the next payroll date.

The TPA cut-off schedule can be found at the following website  
[www.doa.virginia.gov/Payroll/TPA/TPA\\_Main.cfm](http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.cfm)

Below is the form flow for Salary Reduction Agreements (SRAs).

1. Employee contacts Vendor.
2. Vendor processes application to establish 403(b) account.
3. Vendor and employee complete the original SRA.
4. Vendor and employee provides the original SRA to Agency Payroll / Benefits Administrator for approval and signoff. The original SRA remains with the Agency for filing.
5. Agency Payroll / Benefits Administrator provides the employer signed SRA to FBMC via Fax.

Contact: Benefits Administration  
Mail Slot #37  
FBMC Benefits Management, INC.  
P.O. Box 1878  
Tallahassee, Florida 32302-1878  
Phone: 800-872-0345, Ext. 2270 Shana Bratcher  
Fax: 850-514-5803  
E-mail: [Sbratcher@fbmc.com](mailto:Sbratcher@fbmc.com)

6. FBMC verifies that the SRA is complete; FBMC data-enters the contribution amount and effective date. FBMC then produces a Change File.
7. Department of Accounts imports the automated Change File which updates deduction premiums and administrative fees into the CIPPS system.
8. To increase, decrease or stop deductions, changes must be communicated to FBMC via an SRA form. All changes will require written documentation to effect the change. Fax copies are acceptable. Agency Payroll/Benefits Administrators must obtain authorization from FBMC prior to processing any requests for deduction refunds.

## VIRGINIA CASH MATCH – 401(a)

Cash Match Agreements (CMA) will be initiated between the Vendor/Agent and the employee. Most often this application is completed simultaneously with the SRA for the 403(b) plan. The Cash Match Agreement form must be completed and signed by the employee, and **must** be executed by the Agency Payroll/Benefits Administrators validating that the employee is eligible for the cash match. The form will then be forwarded to FBMC for data entry. To ensure that the contributions start on the current payroll, the TPA cut-off dates must be honored. If the cut-off date has not been met, the contribution will start on the next payroll date. FBMC will process the new contributions and add them to the next Change File.

Employees that have multiple, participating providers may elect to change the provider that receives the Cash Match no more frequently than once each year. Please clearly indicate both the old and new providers on the form so FBMC can make the appropriate changes.

1. Employee contacts Vendor.
2. Vendor processes application to establish 401(a) account.
3. Employee completes the original CMA
4. Vendor and Employee provide the original CMA to Payroll Agency / Benefits Administrator for validation and signoff. The original CMA remains with the Agency for filing
5. Agency Payroll / Benefits Administrator provides the employer-signed CMA to FBMC via fax or pdf.

Contact: Benefits Administration  
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Phone: 800-872-0345, Ext. 2270 Shana Bratcher  
Fax: 850-514-5803  
E-mail: [Sbratcher@fbmc.com](mailto:Sbratcher@fbmc.com)

6. FBMC verifies that the CMA is complete; FBMC data-enters the contribution amount and effective date. FBMC then produces a Change File.
7. Department of Accounts imports the automated Change File, which updates deduction premiums and administrative fees into the CIPPS system.

**Note:** *The Agency Payroll Administrator may complete and sign the Cash Match Agreement form on behalf of the employee for single, participating provider deductions.*

## ENTERING OR CHANGING DEDUCTIONS

A consolidated Enrollment Change Report for post-tax and pre-tax deductions inclusive of cash match contributions will be provided by FBMC to the Agency Payroll/Benefits Administrator for any event that affects deductions. The Change Report shows totals for the affected deduction slot. The Change Report is sent in accordance with the posted TPA cut-off schedule.

**Entries made to CIPPS should be imported from the FBMC Change File only.** Entries should not be made from an enrollment form or application provided by the Vendor or employee. **The risk of entering from a source other than FBMC's Change File is that the deductions could start before a policy is issued or before the plan effective date or the contributions may be sent to the incorrect provider.** The only exception is employee requested emergency cancellations. Emergency cancellations may be processed directly by payroll; however, FBMC must be notified immediately to prevent vendor overpayment.

#### Cut-Off Dates

To allow for the proper editing and pre-audit of payroll entries, the TPA cut-off date for inclusion in the current payroll is four (4) business days prior to DOA specified certification deadline. Please refer to the TPA Cut-off Date table at [http://www.doa.virginia.gov/Payroll/TPA/TPA\\_main.cfm](http://www.doa.virginia.gov/Payroll/TPA/TPA_main.cfm) to determine the proper pay period to begin a deduction or make a deduction change. It is very important that the cut-off dates are honored to assure that the deductions are entered simultaneously with CIPPS and FBMC for a specific pay date. **No backdating or retroactivity need occur through the payroll system.** The Agent/Vendor providing the policy (post-tax) is responsible for obtaining all retroactive premiums directly from the employee via check, money order or cash.

#### The Rounding Rule

Payroll deductions for monthly odd cents amounts are rounded up one cent when calculating the per pay amount to make the amount divisible by 2. Please ensure that all premiums are divisible by 2 prior to forwarding the SDA forms to FBMC. Any odd cents that may be collected will be applied to the employee's account by the particular vendor.

## EXCEPTIONS PROCESSING

When a payroll is processed and compared with FBMC's master file, Exception Reports may be produced detailing employee deductions discrepancies (e.g. deduction amount discrepancies, employees with no deductions and employees with deductions and no benefits identified). In the event exceptions are detected by the system, exception reports will be faxed by FBMC's Account Specialist to the appropriate Benefits or Payroll Administrator for corrective action after each payroll cycle.

**The fax will contain a brief description of the action required by the Agency Payroll or Benefits Administrator in order to correct the exception. The Agency Payroll/Benefits/Administrator must document the appropriate corrective action on the Exception/Discrepancy Response form or the original fax and return it to the FBMC Account Specialist promptly in order to preclude the exception from reappearing in the next payroll cycle.**

## REMITTANCE LISTINGS

FBMC will produce remittance listings or a remittance file for each Vendor. The remittances are broken out in agency order with each participant, social security number, benefit, and deduction/reduction. Vendors of Miscellaneous Insurance products (post tax) will receive a monthly Remittance Listing and payment postmarked by the 20<sup>th</sup> of the month for premiums

deducted from the payrolls of the previous month. Vendors of 403(b) products (pre-tax) receive a Remittance Listing coinciding with a direct deposit of funds within five (5) business days of FBMC's receipt of data and funds from the Commonwealth of Virginia which typically occurs on each scheduled payday. FBMC will remit all pre-tax participant contributions and Virginia Cash Match employer's contribution to vendors via direct deposit or check.

## **WHO DO I CONTACT AT FBMC WHEN I NEED ASSISTANCE?**

### **Home office:**

FBMC Benefits Management, INC.  
3101 Sessions Road  
Tallahassee, FL 32303

Phone: 1-800-872-0345  
FAX: 850-514-5803 (Benefits Administration) Post-Tax

### **Virginia Provider Network:**

Account Manager: Holly Hance, [Hhance@fbmc.com](mailto:Hhance@fbmc.com)  
Client Services Analyst: Tyler Jones, [Tjones@fbmc.com](mailto:Tjones@fbmc.com)

### **Benefits Administration (Post-Tax and Pre-Tax Benefits):**

Account Specialist (Pre-Tax, 403b/401a): Shana Bratcher, Ext. 2270, [Sbratcher@fbmc.com](mailto:Sbratcher@fbmc.com)  
Team Leader (Pre-Tax, 403b, 401a): Carla Castillo, Ext. 2265, [Cmcastillo@fbmc.com](mailto:Cmcastillo@fbmc.com)  
Account Specialist (Post-Tax): Barbara Reed, Ext. 2312, [Breed@fbmc.com](mailto:Breed@fbmc.com)  
Account Specialist (Post-Tax): Carol Simmons, Ext. 2223, [Csimmons@fbmc.com](mailto:Csimmons@fbmc.com)  
Team Leader (Post-Tax): Kim Christie, Ext. 2273, [Kchristie@fbmc.com](mailto:Kchristie@fbmc.com)

### **Retirement Services:**

Loans, Hardships, Distributions and Transfers  
Administration: Matt Coniglio, Ext. 2729  
Toni Milton, Ext. 2730  
FAX: 850-425-8345

## **PRE-TAX VENDORS AND CODES**

**VP = Vendor Paid means FBMC sends the provider a monthly bill for fees.**

**EP = Employee Paid means the fee is deducted from the employee's paycheck.**

### **Providers with 401(a) cash match**

**111** Ameriprise Financial-VP  
**115** AXA Equitable Life-VP  
  
**176** Primerica  
**100** ING Life & Annuity-VP  
**167** Lincoln Investment Planning, Inc.-VP  
**300** Lincoln Financial Group-VP  
**119** Metlife Resources-VP  
**121** Reliastar Service Center-VP  
**183** TIAA-CREF-EP  
**500** MetLife Insurance Co. (FKA Travelers)-VP  
**600** VALIC-VP  
**187** Waddell & Reed-VP

### **Providers with No 401(a)**

**164** John Hancock-VP  
**162** Horace Mann Insurance  
Company-VP  
**175** New York Life-VP  
**700** Oppenheimer

## **POST-TAX VENDORS AND CODES**

**AB**-American Bankers-VP  
**AE**-Ameriprise Financial-VP  
**AF**-American Family Life (AFLAC)-VP  
**AFBA**-AFBA, The 5 Star Association - VP  
**AG**-American General-VP  
**AH**-Allstate Work Place Division (FKA American Heritage)-EP  
**AN**-AETNA-VP  
**BU**-Bankers United/AEGON-EP  
**CA**-Conseco-VP  
**CG**-The Capitol Group-VP  
**CL**-Colonial-VP  
**CM**-CT/Mass Mutual-EP

**CO**-Colorado Bankers-VP  
**CICA**-Combined Insurance - EP  
**CU**-Central United-EP  
**EQ**-AXA Equitable Life-VP  
**FL**-Franklin Life-EP  
**GO**-UNUM/Godwin (Radford Univ. Only)-VP  
**GP**-Government Personnel Mutual-EP  
**HM**-Horace Mann-VP  
**JH**-John Hancock-VP  
**KI** – Humana (FKA Kanawa/KMG) - VP  
**LA**- CIGNA-EP  
**LE**- Legg, Mason, Wood, Walker - VP  
**LF**-Lifsey Insurance-EP  
**LI**-Life Investors-VP  
**LL**-Life Insurance Company of North America (LINA L/T)-EP  
**LM**-Liberty Mutual-EP  
**LO**-Loyal American-VP  
**LR**-Legal Resources of Virginia-VP  
**MNLIC**-Madison National Life-VP  
**MM**- Mass Mutual/ Financial (LTC) - VP  
**ME**- Metlife-VP  
**MI**-Meadows Insurance-EP  
**MO**-Mutual of Omaha – VP  
**NM**-National Motor Club-VP  
**NTA** – National Teachers Associates - VP  
**NY**-New York Life-VP  
**PF**-PFS Investments (Primerica)-EP  
**PL**-Jefferson Pilot Insurance-EP  
**PP**-Prepaid Legal-VP  
**SL**-Settlers Life-VP  
**TA**-Tower Administrative Services-EP  
**TM**-Trustmark-VP  
**TR**-T.Rowe Price-VP  
**UA**-United Teachers Asso.-VP  
**UM**-UNUM/Johnson & Strachan-VP  
**VG**-Virginia Group Benefits-VP  
**VR**- VRSI Insurance-VP  
**WI**-World Insurance-VP