

Payroll Deduction Program Overview

What is it?

The Personnel Cabinet maintains a statewide payroll system for all employees of the Executive, Legislative, and Judicial branches of government. For a number of years we have provided the service of payroll deduction as a convenience for our employees by allowing certain organizations and insurance companies to collect payments through this service in exchange for a nominal fee.

Although the Personnel Cabinet provides this service it SHOULD NOT be assumed that we are party to any agreement between the employees who voluntarily elect to pay optional insurance premiums/dues contributions through payroll deduction and the companies/organizations who enroll those employees. Though we understand that some companies/organizations may consider covered/enrolled employees of the Commonwealth a "Group", we cannot and will not sign anything to that effect. In addition, we will not provide signature on any documents including but not limited to acknowledgments of receipts of rate/dues increase notices or company/organization change notices.

How does it work?:

A voluntary optional insurance company/organization who has been approved for payroll deduction by the Personnel Cabinet is given authorization to contact agency HR Administrators. Through those HR Administrators they can request to visit state offices in an effort to solicit business from state employees. Typically a company will schedule a day to set-up a booth at a state office and will have an agent/representative available for employees to voluntarily talk to during their break times or lunch. (No solicitation of state employees may be made on state time/while the employee is working.)

In addition to the office visits, a listing is maintained on the Personnel Cabinet's website where employees can look for insurance companies/organizations that are approved for payroll deduction. From this listing they can independently contact agents/representatives for information and enroll if they so choose.

An employee who voluntarily elects to enroll with an insurance company/organization will complete any required paperwork through the agent/representative. (The agency for which they work will not maintain any enrollment forms.) Included in that paperwork must be an employee authorized deduction slip. This slip, signed by the employee, will then be turned in to the employee's HR Administrator who will in turn send a confirmation slip back to the employee for final confirmation of the employee's authorization to begin payroll deduction. If no response is received (agency confirmation only requires action if the employee does not authorize the deduction) they will set the employee up in the payroll system to have deductions taken and sent to the insurance company/organizations according to the details provided on the signed deduction slip.

When payroll runs (on the 15th and 30th of each month) the deductions for all employees enrolled with the carrier/organizations are collectively pulled from the employees' paychecks. The administrative fee of \$58.00 plus \$0.10 per employee is deducted from the gross amount and the remaining net amount is sent to the carrier by mail or by wire transfer. In addition, a report is sent to the carrier/organization either by mail or by FTP. This report provides a summary sheet of the gross amount/fee amount/net amount and lists every employee for whom deductions were taken.

Brief Summary of Payroll Policies/Procedures:

- Deductions processed in the first pay period (1st - 15th) will be issued to the company/organization, along with the deduction report, no later than the 30th of the month. Deductions processed in the second pay period (16th - 30th) will be issued no later than the 15th of the following month
- Any necessary refunds MUST be made directly to the employee. We do not pay from an invoice therefore no credits can be issued.

- Billing statements should not be sent to our office. We issue premiums based on the deductions actually processed for a particular month. Since the payroll function in the State of Kentucky is decentralized, as far as employee record, no billing should be sent unless it is broken down by the individual agency and directed to them.

How can I get set-up?

Participation in this program is open to: optional individual life, dental and vision plans, annuities (for Department of Education or Workforce Development Cabinet employees under Internal Revenue Code 403(b) only), property and casualty plans, and employee organizations. Participation is gained through a successful application process which is as follows:

- 1.) Review and complete the attached Agreement, Certificate of Authorization to Deduct Charges, and Application at least sixty (60) days prior to the first desired payroll deduction date. Please note that forms that are not fully completed will be returned to the company or organization for completion.
- 2.) The Personnel Cabinet will then request that the Department of Insurance verify that the company/agency/agent is licensed to conduct business in the state of Kentucky and that the requested benefit types are authorized for the company. Applications for Employee Organizations will be reviewed by the Personnel Cabinet's Office of Legal Services.
- 3.) The Personnel Cabinet sends a letter of acceptance or rejection. (If accepted, a welcome packet is sent to the company/organization providing a utility number and other details of the payroll deduction process.)

**Please be aware that the approval process for the Agreement may require thirty (30) to sixty (60) days. No company or organization should expect to have any deductions made for 60 days after the Agreement is approved.*

Visit our website at: <http://personnel.ky.gov/persadmin/info/payinfo/payroll+deduction+info.htm> or contact Stephanie Carpenter at StephanieL.Carpenter@ky.gov or 502/564-6616. She or the website can provide you with the documents needed to apply for participation with this service. These documents as well as *potential* approval documents will provide additional details regarding this service if you apply and are approved.

Please notice that the following programs are NOT eligible for this service:

- Optional individual employee health insurance plans
- State-sponsored Managed Care Health Insurance plans
- Product discount/shopping plans
- Companies who insist on an open enrollment
- Companies not willing to write individual policies for or issue individual refunds directly to employees

*The Personnel Cabinet reserves the right to deny participation requests from companies/organizations already existing in the program.

More questions?

If you have any additional questions about this process, please feel free to contact Stephanie Carpenter at StephanieL.Carpenter@ky.gov or by phone at 502/564-6616.