



[Date]

[FIRST] [LAST]
[ADDRESS]
[ADDRESS 2]
[CITY], [STATE] [ZIP]

To: Fitness Rewards Members

Re: Fitness Rewards Program Status

Recently OEGB has received guidance regarding cash incentives or rewards for wellness program participation. The IRS concluded that all cash incentives or rewards paid to employees for participation in an employer-sponsored wellness program are considered a payment of wages subject to employment taxes. Subsequent advice from the Department of Justice indicated that Oregon PERS taxes must also be applied to cash incentives or rewards. Below is more information regarding the status of the Fitness Rewards program.

Is OEGB ending the Fitness Rewards program?

Over the last several weeks, OEGB has been exploring various options, including the pros and cons associated with each. The OEGB Board will be discussing the Fitness Rewards program and possible solutions to ensure compliance with the new IRS regulations at their next Board meeting, scheduled for October 4, 2016.

Are you accepting any new registration forms?

At this point, we are not processing any new registration forms for the program. Once the Board discusses options and determines next steps at their next Board meeting, we will communicate further information at that time.

Why doesn't OEGB just add the reimbursement cash reward to employee wages?

Adding the reimbursement to employee wages creates administrative challenges for the program and entity payroll systems because a Fitness Rewards member's cash reimbursement can vary from month to month, and needs to be included in the employee's W-2 and reported to PERS.

I have additional questions. Who do I contact?

If you have any questions, please call OEGB Member Services at (888) 469-6322 or send an email to: oebb.benefits@oregon.gov.