

### **What is an IRC 125 Cafeteria/Flexible Benefit Plan?**

It is a plan offered by the District to cover specific medical and dependent care expenses with pre-tax dollars, thereby, **reducing taxable income.**

### **Who is eligible to participate in this plan?**

All Regular Classified, Contract Faculty, Foundation, Adjunct Faculty, and Management/Confidential employees who meet the eligibility requirements for participating in the District's Health benefits plans.

### **When can I enroll in an IRC 125 Cafeteria/Flexible Benefit Plan?**

Open enrollment is during the month of December.  
Enrollment forms must be received in Payroll by January due date.

### **What is the plan year for IRC 125 Cafeteria/Flexible Benefit Plan?**

IRC 125 Cafeteria/Flexible Benefit Plan is a calendar year plan from January 1<sup>st</sup> to December 31<sup>st</sup>.

Grace Period-January 1<sup>st</sup> through March 15<sup>th</sup> of the subsequent year. For example, if an employee has a \$300 balance at the end of the calendar year, expenses incurred from January 1<sup>st</sup> through March 15<sup>th</sup> of the subsequent year, will first be reimbursed from the unused prior year balance.

### **How does the plan work?**

You set an amount you would like to contribute toward the plan. Elected amount is deducted from each paycheck on a pre-tax basis and deposited into an account for your use during the plan year.

Participation is irrevocable for the calendar year unless you qualify for a "triggering event" (i.e. marriage, divorce, birth, adoption, loss of income, change in employment status, significant change in health coverage, Family Medical Leave Act, Child Support Order, Medicare or Medicaid eligibility, change in coverage for dependent care, Military leave, or death).

### **What is the reimbursement procedure?**

To receive a reimbursement of your expenses, you submit a reimbursement claim form with your receipts attached to Shirrell Consultants. The frequency of when a claim is submitted is up to the employee. Claims may be submitted as expenses are incurred or on a monthly, quarterly, or an annual basis. You have 90 days after the plan year ends to submit all your claims and deplete your account balance.

Termination of employment: If employment is terminated before the end of the plan year, you have **90** days from the date of termination to submit your claims. Claims can only be submitted for expenses incurred during time of employment.

Leave of absence without pay: Employees on the plan who go on a leave of absence without pay during the plan year, should continue to submit their monthly payments directly to the Plan Administrator. Payments submitted directly to the plan administrator are not considered pre-tax dollars.

**Group Premiums:** Employee's portion of pro-rata health insurance premiums paid via payroll deductions will be processed on a pre-tax basis.

**Out-of-pocket expenses:** deductibles, co-payments, and other eligible medical expenses not covered by the insurance. Some examples are orthodontia (braces); dental crowns & bridge work; crutches; insulin; co-pay for prescriptions; psychologist fees; vision (eye glasses, exams, contacts, saline solution, laser surgery); x-rays; wheelchair; chiropractors; hospital fees; obstetrical expenses; hearing aids; and acupuncture. Certain over-the-counter drugs are also eligible. Examples include pain relievers, allergy medicine, cold & cough medicine, etc. Please contact Shirrell Consultants for other considerations. Cosmetic expenses are not eligible. A maximum of **\$5,000** of earnings per year can be allocated as pre-tax dollars for out-of-pocket expenses.

**Dependent Care:** for children (13 or under) or care for a dependent who is disabled and living with you for a minimum of eight hours a day. Expenses include but are not limited to: baby-sitters; day care centers; caregivers for disabled spouse or dependent; nursery schools; preschools; tuition (through kindergarten); camps (excluding overnite camps); and household services to include care of a qualified dependent. A maximum of **\$5,000** of earnings per year can be allocated as pre-tax dollars for dependent care expenses.

**The employee forfeits any unused balance as of March 16<sup>th</sup> of the subsequent year.**

#### **Plan Administrator:**

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#### **District Contact:**

**Payroll Specialist (527-4200)**