



Risk Management & Insurance Department

TO: IUSD Benefitted Employees
FROM: Risk Management Department
SUBJECT: **2020 FLEXIBLE BENEFITS PROGRAM (Section 125)**

This Flexible Benefits Program is also referred to as the Section 125 Plan. The Flexible Benefits Program allows the District to extend to employees eligible for benefits (*certificated--50%+, classified--30 hrs. + per week*), the option to pay for certain IRS approved expenses, as noted in Section 125 of the Internal Revenue Code, with pre-tax rather than after-tax income.

A Flexible Benefits Program can be advantageous to you if you can identify areas of personal expense on an annual basis which may be tax deferred under Section 125. Specifically, portions of an employee's annual salary can be diverted to this program if the employee has anticipated annual expenditures in the following areas:

- **Employee Insurance Premium Costs**--premium amounts paid from your paycheck for dependents covered on the District medical/dental insurance. This option requires no submission of claims; the deferral of funds is automatic and appears as a notation on your paycheck stub.
- **Un-reimbursed Health Care and Medical Expenses**--this includes areas of expenses not currently covered by the employee's medical, dental, or vision insurance, annual deductibles, and co-pay expenses (maximum annual deferral amount is **\$2,750.**) Participants may *rollover* a minimum of \$50 up to a maximum of \$500 into the subsequent plan year.
- **Child Care Expenses** (for children 12 and under)--this includes licensed Day Care Center fees, qualified babysitter fees, and Summer Day Camp (maximum annual deferral of **\$5,000** or \$2,500 if married filing separately).

You can use your Discovery Flexcard (works like a MasterCard) or submit receipts to Discovery Benefits (forms are on the IUSD intranet) to use your deferred money. No receipt submission is required for insurance premiums deferrals.

If you are considering enrolling in this program, you should consult with a tax accountant and/or financial planner prior to enrollment. Once enrolled in the program at the beginning of the plan year (January 1, 2020—December 31, 2020), certain specific conditions must be met before withdrawal from the program is permitted.

With the exception of the rollover provision (minimum \$50 up to a maximum of \$500), funds contributed and not used within the allowable timelines of the plan year will be forfeited pursuant to IRS guidelines. You have one hundred eighty (180) days from the end of the plan year to submit claims for reimbursement. Plan year ends December 31, 2020.

IUSD Flexible Spending Account Enrollment Form Discovery Benefits

Step 1: Employee Information:

IUSD ID Number	Social Security Number	
Employee Name (First, MI, Last)	Email Address	
Employee Address		
City	State	Zip
Day Telephone	Birth Date (mm/dd/yyyy)	Hire Date (mm/dd/yyyy)
Classified <input type="checkbox"/>	Certificated <input type="checkbox"/>	

PLEASE NOTE:

Step 2: Employee Premiums (Medical--\$250 for one dependent; \$300 for two or more; Dental--\$25 for one dependent; \$55 for two or more; Vision--\$9 for one dependent; \$21 for two or more):

If you have a payroll deduction for insurance premiums, eligible premiums will be deducted before taxes are calculated. You will automatically be enrolled in this portion of your Section 125 Plan—there are no fees involved. However, if you wish, you may opt out of the Employee Premium Conversion part of the Plan by contacting your Insurance Department and filling out the waiver form. ***Please Note: Insurance premiums are not eligible for reimbursement with your Health Care Account.**

Step 3: Enrollment and Election Information

The fee to participate in Health Care and/or Child Care is \$4.90 per month x 10 months

**Health Care Account
(Out-of-pocket)
(\$2,750 maximum)**

**Child Care Account
(Daycare)
(\$5,000 maximum or \$2,500 if
married filing separately)**

Per Pay Period Amount (10 months)

*(To be deducted each pay period,
Jan. through June and Sept. through Dec.)*

Election

*(If enrolling after January, please calculate
election based on number of remaining pay
periods within the plan year.)*

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Step 4: Optional Service

Debit Card

A debit card pays directly from your Flexible Spending Account at the point-of-sale. Itemized receipts are required for all transactions that are not auto-substantiated at the point-of-sale.

Step 5: Authorization or Refusal

Please select only one.

Participant Authorization

I authorize my employer to reduce my pay on a per pay period basis as indicated above. I understand my reduction is for one flex plan year and that I cannot change or revoke my election unless I experience a qualifying event in accordance with Internal Revenue Code Section 125 and submit my request within a reasonable amount of time as deemed by the IRS and my employer. I am aware of the plan's forfeiture provision and that my Social Security and federal unemployment benefits may be reduced because of my reduced salary for tax purposes. Further, I authorize the release of any information necessary to substantiate claims submitted against my Flexible Spending Account.

Participant Refusal

I do not want to participate. I understand that by refusing to participate, I will be unable to enroll this plan year unless I experience a qualifying event in accordance with Internal Revenue Code Section 125 and submit the change within a reasonable amount of time as deemed by the IRS and my employer.

Employee Signature

Date

Employer Signature

Date

FOR OFFICE USE ONLY	
EFFECTIVE DATE	
DISCOVERY	
PAYROLL	