

## C.3 Flexible Benefit Plan

### **Date**

1/15

A Flexible Benefit Plan is offered to those employees who are eligible to participate in the University's medical/dental/vision insurance program. The Plan allows for the payment of eligible health and dependent care expenses on a pre-tax basis. The result is a lowering of an employee's taxable income and tax liability for federal, state, and local income taxes and FICA (Social Security and Medicare) taxes.

The University's Flexible Benefit Plan contains two options: a Premium Only Plan (POP) and Flexible Spending Accounts.

The Premium Only Plan allows active employees participating in health insurance programs to pay their share of premiums for health care prior to the application of federal, state, and local income taxes and FICA (Social Security and Medicare) taxes. Eligible employees may participate upon enrollment in one of the health insurance programs.

The Flexible Spending Accounts allow regular (non-temporary) employees to set aside money to pay for eligible unreimbursed health care and dependent care expenses from gross pay before taxes have been withheld. The benefit to individual employees is the opportunity to pay eligible expenses with pre-tax dollars, thus lowering their taxable income and tax liability for federal, state, and local income taxes and FICA (Social Security and Medicare) taxes. Eligible employees may elect to participate within 30 days of hire. All eligible employees may enroll during open enrollment each year.

If participation in the flexible plan is selected, an employee can only change coverage or participation in the Flexible Benefit Plan either during the annual enrollment period or within 30 days of a qualifying event. Under federal regulations, a "qualifying event" is defined as:

- marriage, divorce, death of a spouse, legal separation, or annulment;
- change in number of dependents, including birth, adoption, placement for adoption, or death of a dependent;
- any of the following events for employee, employee's spouse, or dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- dependent satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance;
- change in the place of residence of employee, employee's spouse, or dependent; and,
- Significant cost or coverage changes.

If a change in family status occurs, the employee must notify Human Resources within 30 days of the qualifying event in order to change coverage. Failure to do so within the 30-day period will result in a delay of the effective date of the change to the employee's coverage to no sooner than next open enrollment period.

Administration of the Flexible Benefit Plan is subject to the guidelines of Section 125 of the Internal Revenue Code. Participation in either the Premium Only Plan or the Flexible Spending Accounts by employees is optional.

Employees who enroll in medical, dental or vision coverage are automatically enrolled in the Section 125 Flexible Benefit Plan and premiums are withheld on a pre-tax basis. Employees who wish to opt out of the Section 125 Flexible Benefit Plan for these premiums must do so by submitting the completed required form making that election to a Benefits representative in the Human Resources Department. Participation of employees enrolled in the Flexible Benefit Premium Only Plan will continue each year unless the employee chooses to change his election; however, employees enrolled in the Flexible Spending Accounts must re-enroll each year.

Copies of the Flexible Benefit Summary Plan Description are available in the Human Resources Department.