

FLEXIBLE BENEFITS PLAN

2022-2023 PLAN YEAR

Bay District Schools utilizes plan administrator services from Optum Financial. This program provides employees with a tax-saving opportunity along with enhanced reimbursement features (debit card, direct deposit, daily reimbursements, electronic claim submissions & statements). Program details have been attached to the email notification for your review.

A Flexible Spending Account (FSA) is a tax-free account that reimburses employees for out of pocket medical and dependent care expenses up to the elected amount.

Employees who desire to participate in the Medical and/or Dependent Care Reimbursement Plan must complete an Election each plan year, these do not carry over from Plan Year to Plan Year.

Important Information – Keep in mind when making your decision to participate, our plan allows employees participating in the Health Care Reimbursement Account to carry forward up to \$570.00 in unused funds into the next plan year. This is permitted due to the IRS modification of the “use-it-or-lose-it rule”.

UNDERSTANDING THE PLAN

It is important that you understand the Plan in order to make an informed decision regarding whether to participate. You are not required to participate in the Health/Dependent Care Reimbursement Account Program, **however it is necessary to sign a waiver of participation if you do not want to participate in the Insurance Premium Conversion portion of the program (See Item #1) .**

There are three components attributed to the Flexible Benefits Plan offered by Bay District Schools:

1. The **Insurance Premium Conversion** allows you to pay for your share of certain premiums before taxes. **Enrollment in this component is automatic.** This feature enables your portion of insurance premiums (group - health, dental & vision and any other qualified insurance premiums) to be deducted before Federal Withholding or FICA taxes are calculated. **If you do not desire to participate, a waiver form must be submitted. A waiver form is effective for one year and must be received by the Payroll Department within thirty (30) days of your date of hire or during the annual enrollment period which occurs in the month of June.**
2. A **Health Care Reimbursement Account** allows you to set aside money tax-free to help pay for those expenses that are not covered by insurance. These are expenses that you pay for which you will not otherwise receive reimbursement (deductibles, co-pays, etc.). The maximum amount a participant may allocate for the Health Care Reimbursement Account is **\$2,850.00** for those projected expenses to be incurred from 7-1-2022 to 6-30-2023. **You must make an election as you are not automatically enrolled in this benefit. Elections are made through the new hire election process or during the annual enrollment period. Employees enrolled in the Blue Options High Deductible Plan (Option IV 5192/5193) who have contributions directed to a HSA account are not eligible to participate in the Health Care Reimbursement Account.** Changes in the election amount can only be revised during the plan year if experiencing a qualified status change and the revision must be consistent with the event.
3. A **Dependent Care Reimbursement Account** lets you use tax-free money to help pay for dependent care services that are necessary in order for you to go to work. The maximum amount allowed for dependent care reimbursement is **\$5,000.00** for those projected dependent care expenses to be incurred from 7-1-2022 to 6-30-2023. **You must make an election as you are not are not automatically enrolled in this benefit. Elections are made through the new hire election process or during the annual enrollment period.** Changes in the election amount can be revised during the plan year with no qualified status change requirement.

HOW THE FLEXIBLE BENEFIT REIMBURSEMENT ACCOUNTS AFFECT YOU?

This is an employee benefit that should result in monthly savings to all eligible employees. However, there are some risks that you need to consider.

1. The IRS and the Plan limit the amount you can set aside in the Flexible Benefits reimbursement accounts. Any money you do not use from a reimbursement account for expenses incurred during a plan year may be forfeited.
2. Because you do not pay Social Security taxes on your Flexible Benefits Plan redirection monies, your eventual Social Security benefits at retirement or disability may be reduced. For most employees, the advantages of using the money tax-free will probably outweigh any potential reduction in Social Security benefits in the future.
3. **MONTHLY FEES:** Employees who have Health Care and/or Dependent Care Reimbursement Accounts will pay **\$3.10** per month.
4. **INSURANCE PREMIUMS:** You may only make insurance coverage changes during an open enrollment period or when experiencing a family status change (marriage, divorce, gain or loss of dependent, gain or loss of employment of employee or spouse, gain or loss of insurance coverage due to spouse/dependents' employment), or a significant change in insurance coverage and/or premiums of employee or spouse/dependents. **YOU MUST MAKE ANY INSURANCE COVERAGE CHANGES WITHIN 30 CALENDAR DAYS OF ANY QUALIFYING EVENT.** Therefore, it is very important that you take appropriate action immediately upon the experience of a qualifying event.