

SECTION 125 FLEXIBLE SPENDING ACCOUNT PLAN ENROLLMENT & DECLINATION PROCESS

Overview

The Section 125 allows Regular Classified and Regular Academic employees to use “pre-tax” dollars to pay mandatory group health and welfare premiums and use Flexible Spending Accounts (FSAs) for 1) reimbursement of dependent daycare expenses necessary due to employment, and 2) reimbursement of eligible out-of-pocket healthcare expenses not covered by insurance. *See a list of eligible expenses:* <https://www.payflex.com/mypayflex/eligibleExpenseItems.htm>)

Regular Classified and Academic employees may designate an annual amount of “pre-tax” dollars to be deducted from their paycheck on a monthly basis and deposited into a holding account (FSA) from which tax-free reimbursement is made for qualified dependent care and/or uninsured healthcare expenses the employee pays during the plan year.

The Plan year for eligible expenses is October 1 through September 30. An open enrollment period is required each year because participation in a FSA is on a year-to-year basis. Employees who participate in one year must re-enroll in order to participate the subsequent year. *Click here for an FSA tutorial:* <https://www.payflex.com/fsand/launch.html>

Although FSA contributions are made on a “use it or lose it” basis (any money in the FSA that is not spent by the end of the plan year is forfeited), FSA participants benefit from tax *dollar savings during the year* instead of a possible tax *credit* at the *end* of the year. Claims for reimbursement of eligible expenses must be submitted before December 31.

PayFlex Systems, USA is the claims administrator of our Section 125 Plan FSAs. PayFlex requires **EVERY eligible employee to complete the Enrollment & Declination Form by October 8th.**

SCOPE & DEFINITIONS

ALL Regular Part-time and Full-time Classified employees, as well as Regular Academic employees, are eligible to participate in the Section 125 FSAs. **PayFlex requires ALL eligible employees to comply with the October 8th deadline, regardless of FSA participation in prior years.**

INFORMATION RELATED TO FSA PARTICIPATION

NO Pre-tax payroll contributions to FSAs are allowed in the month September.

- Regular, Classified employee pre-tax FSA contributions occur over the eleven months of October through August only.
- Regular, Academic employee pre-tax FSA contributions occur over the nine months October through June, with an additional contribution in August if on an 11-pay payroll track.

PayFlex Systems offers participants great customer satisfaction by providing the following services: On-line Claim Submission, Toll-free 24 hour Info Line, Toll-free Fax dedicated to Claims Receipt, E-Notices of Receipt of Claims and Processing, Claim Processing within 48 Hours of Receipt, Electronic Direct Deposit of reimbursements, and a **Comprehensive On-Line Educational & Service Center:** <https://www.payflex.com/mypayflex/default.htm>

PROCESS AND PROCEDURES

- 1) Eligible Employees should consider watching the FSA tutorial (<https://www.payflex.com/fsand/launch.html>) to realize the benefits of FSA participation.
- 2) Eligible Employees interested in participation can use the FSA Calculators for assistance in projecting annual pre-tax election amounts: <https://www.payflex.com/mypayflex/savingsCalculator.htm>
- 3) **Eligible employees must complete the Enrollment & Declination Form, print, sign, and return it to Human Resources by October 8, 2009.** FSA contributions begin with October payroll deductions.