Cafeteria Plan Benefits Summary

SUMMARY: A cafeteria plan account provides important tax advantages that can help you pay health care and dependent care expenses on a pre-tax basis. By anticipating your family's health care and dependent care costs for the next plan year, you can actually lower your taxable income. Cash that you now spend on health care and dependent care may be deducted from your paycheck and placed in your designated accounts. You do not have to be covered under the medical or dental plan to enroll in a Health Care or Dependent Care Cafeteria Plan program, and participation in either program is voluntary. It is very important to plan carefully as any unused amounts at year-end (December 31) will be forfeited after a 90-day grace period. Once you enroll in the Cafeteria Plan, your participation must continue unchanged until the end of the plan year unless you have a qualified life event (e.g., marriage, divorce, death, birth/adoption, or a change in employment status).

HOW THE PROGRAM WORKS: You contribute a portion of your salary to a spending account on a pre-tax basis to reimburse yourself for eligible health care and dependent care expenses. The money you contribute to these accounts to pay for expenses is deducted from your pay before federal, state or local income and Social Security taxes are withheld. As a result, your taxable income is reduced, and you pay less in taxes.

You will need to determine how much money to allot on an annual basis. Payroll will then deduct equal installments of the annual allotment you elect in your designated accounts. The funds will be managed by Health Equity and you will receive information by mail and e-mail from them on how to submit your expenses. **Services/expenses submitted must be incurred within the plan (calendar) year.**

HEALTH CARE ACCOUNT: If you are enrolled in the Educator CoPay health insurance plan, you can contribute up to $2,500 per year to the Health Care Expense account. You receive reimbursement for eligible expenses not covered under your benefit plans. Eligible expenses are those which the IRS considers legitimate, tax-deductible health care items, including, but not limited to, orthodontia, physical exams, durable medical equipment, eyeglasses, or mental health care. In addition, you can use the account to receive reimbursement for deductibles and co-payments required under your medical or dental plans. Expenses are reimbursed as they are submitted, no matter how many dollars have actually accrued in your account.

DEPENDENT CARE ACCOUNT: The Dependent Care Account allows you to reimburse yourself after you have paid an individual or child/dependent care center to take care of a dependent so that you or your spouse can work or attend school full time. To participate in the Dependent Care Account, you must either be single, or if you are married, your spouse must work or be a full-time student. You can contribute up to $5,000 per year to the Dependent Care Expense Account. Your dependent must be:

- A child who is under age 13 or a disabled child of any age and is claimed as a dependent by you or your spouse for federal income purposes.
- An IRS recognized dependent such as a spouse or parent who regularly resides at least 8 hours a day in your home.

Three types of care are eligible for reimbursement through a Dependent Care Account:

- Care provided in your home or someone else's home.
- Care provided in a licensed dependent care facility such as a day care center or nursery.
- Housekeeping services provided in your home that include dependent care.

If you have questions, please contact Human Resources at 317-3159