

Section 125 Cafeteria Plan Booklet

Plan Administered by:



FSA Master Card Debit Card Provided by:



The *Flex Convenience*® card

SECTION 125 CAFETERIA PLAN MEDICAL EXPENSE REIMBURSEMENT ACCOUNT

One of the benefits of the District's Cafeteria Plan is the ability to pay for medical and dental expenses with **pre-tax** dollars through the **Medical Expense Reimbursement Account**. In order to participate, you must make an annual election prior to the start of the plan year. This is the amount of money that you agree to have deducted from your pay for the year. The election amount is payroll deducted, on a pre-tax basis, throughout the plan year and is set aside in an account for you. As you have eligible expenses, claims are filed and reimbursed to you. Thus, you are gaining tax savings on the expenses incurred throughout the year.

Your District has elected to participate in an exciting new way of paying your claims through a MasterCard Debit Card that will be issued to you by our administrator. Please see the enclosed material about this service.

Under federal rules, medical and dental expenses include expenses incurred for you, your spouse, or your qualified dependents that have not been and will not be reimbursed by any medical insurance, dental insurance or any other source. This includes expenses that are primarily for the prevention or alleviation of a physical or mental defect or illness. These expenses include:

Beginning January 1, 2011 OTC medicines or drugs will require a physician's prescription in order to be considered eligible for reimbursement.

- Amounts such as deductibles, coinsurance and amounts in excess of plan limits
- Medical Services provided by licensed physicians, surgeons, specialist or other medical practitioners that are working within the scope of their license
- Dental Services such as x-rays, fillings, braces, extractions, treatments, etc. (excluding cosmetic services)
- The cost of eye examinations, frames, lenses, contact lenses
- Hearing examinations, and hearing aids
- The cost of prescription drugs that are ineligible under the group carrier, if any, as long as they are for the preventions or alleviations of a physical or mental defect or illness

Ineligible expenses include:

- Amounts compensated for by insurance
- Expenditures for a spa or health club
- Expenses for medical or dental cosmetic procedures
- Amounts for meals while receiving medical care away from home, or mileage expenses

Eligible only if **Medically Necessary** and must provide a Letter of Medical Necessity (see Listing of Flex Plan Expense Eligibility for details at www.jemtpa.com under 125 Resources):

- Air conditioners, central air, heaters, and humidifiers installed in your home for allergy relief
- Hydrotherapy
- Home Medical Equipment (e.g., reclining chairs, special mattress)
- Massage therapy
- Water fluoridation units
- Weight loss program

Letter of Medical Necessity must include:

- Date
- Employee Name and SSN/User ID

- Patient Name
- Diagnosis (specific medical condition or disorder)
- CPT Code assigned to your diagnosis
- Specific treatment prescribed by the provider
- How the treatment will alleviate the condition
- Duration of the treatment
- Provider Signature

Participation in the Medical Expense Reimbursement Account of a Cafeteria Plan can help you reduce some of the burden of medical costs by realizing a tax savings on the eligible medical expenses. However, federal rules require that any money not used by a participant during the plan year must be forfeited. So it is very important that any amounts deducted for the Medical Expense Reimbursement Account to be conservatively estimated.

If you terminate employment prior to the end of the Plan year you are entitled to reimbursement for all expenses you actually incurred prior to your date of termination, up to you annual election amount for the Medical Expense Reimbursement Account. The maximum that you can have deducted through our Cafeteria Plan for your Medical Expense Reimbursement Account is \$_____.

125 CAFETERIA PLAN DEPENDENT CARE ACCOUNT

An important benefit of the Cafeteria Plan is the ability to pay for dependent care expenses with **pre-tax** dollars through the **Dependent Care Account**. In order to participate, you must make an annual election prior to the start of the plan year. This is the amount of money that you agree to have deducted from your pay for the year. The election amount is payroll deducted, on a pre-tax basis, throughout the plan year and is set aside in an account for you. As you have eligible expenses, you are reimbursed. Thus, you are gaining tax savings on the expenses incurred throughout the year.

Your District has elected to participate in an exciting new way of paying your claims through a MasterCard Debit Card that will be issued to you by our administrator. Please see the enclosed material about this service.

Qualified expenses for Dependent Care Assistance include:

- Expenses incurred to enable a participant to work. If you are married, and your spouse is not a full-time student or is not capable of self-care, the expenses must be to enable the participant and the spouse to work.
- Expenses for the care of your dependent that is under age thirteen (13) and for whom a personal exemption deduction is allowed for federal income tax purposes, or for the care of a dependent or spouse who is physically or mentally incapable of self-care.
- The cost of schooling qualifies if the participant's child is below the first grade and if the amount the participant pays for schooling is incidental to and cannot be separated from the cost of care.
- If care is provided outside the home, the dependent must spend at least eight (8) hours each day in the home of the participant.

Ineligible expenses include:

- Amounts for the cost of food, clothing, education, overnight camp.

- The cost of transportation between your house and the place where dependent care services are provided.
- Other ineligible expenses include the cost of a child care center that provides for more than six (6) nonresidents, but which does not comply with all applicable laws.
- Expenses for which a dependent care tax credit is taken are also not eligible.

If a participant is married, filing jointly, or is a single head of household, the maximum Dependent Care Expense amount that can be reimbursed is the lesser of \$5,000 or the participant's earned income and/or spouse's earned income. The maximum amount that can be reimbursed to a married participant that files a separate income tax return is the lesser of \$2,500 or the earned income.

Federal rules also stipulate that any money not used by a participant during the plan year must be forfeited. Therefore, it is very important that the initial election amounts for Dependent Care Expenses be conservatively estimated at the time of enrollment.

PREMIUM CONVERSION ACCOUNT

You may also pay for some of your premiums for health insurance and other District benefits with pre-tax dollars. The District will allow you to contribute through the 125 Cafeteria Plan to the benefits listed below.

You are urged to take advantage of this tax saving benefit if you plan to contribute to the plan for the entire Plan year. However, you may not elect to stop the contribution through the Plan unless you have a "Change in Family Status" as defined by Internal Revenue Service Regulations. For example, you could change your medical insurance premium to include your children if you had a baby during the Plan year. On the other hand, if you decided to place a premium for cancer insurance through the Plan and found that you could not afford the deduction, you could not stop it until the end of the Plan year.

List of benefits and insurance products available in the Section 125 Cafeteria Plan:



The *Flex Convenience*® card



Are you tired of spending time submitting receipts and reimbursement forms then waiting weeks or months for a check to arrive in the mail? With the ***Flex Convenience*** card, you now have an easy way to access your funds.

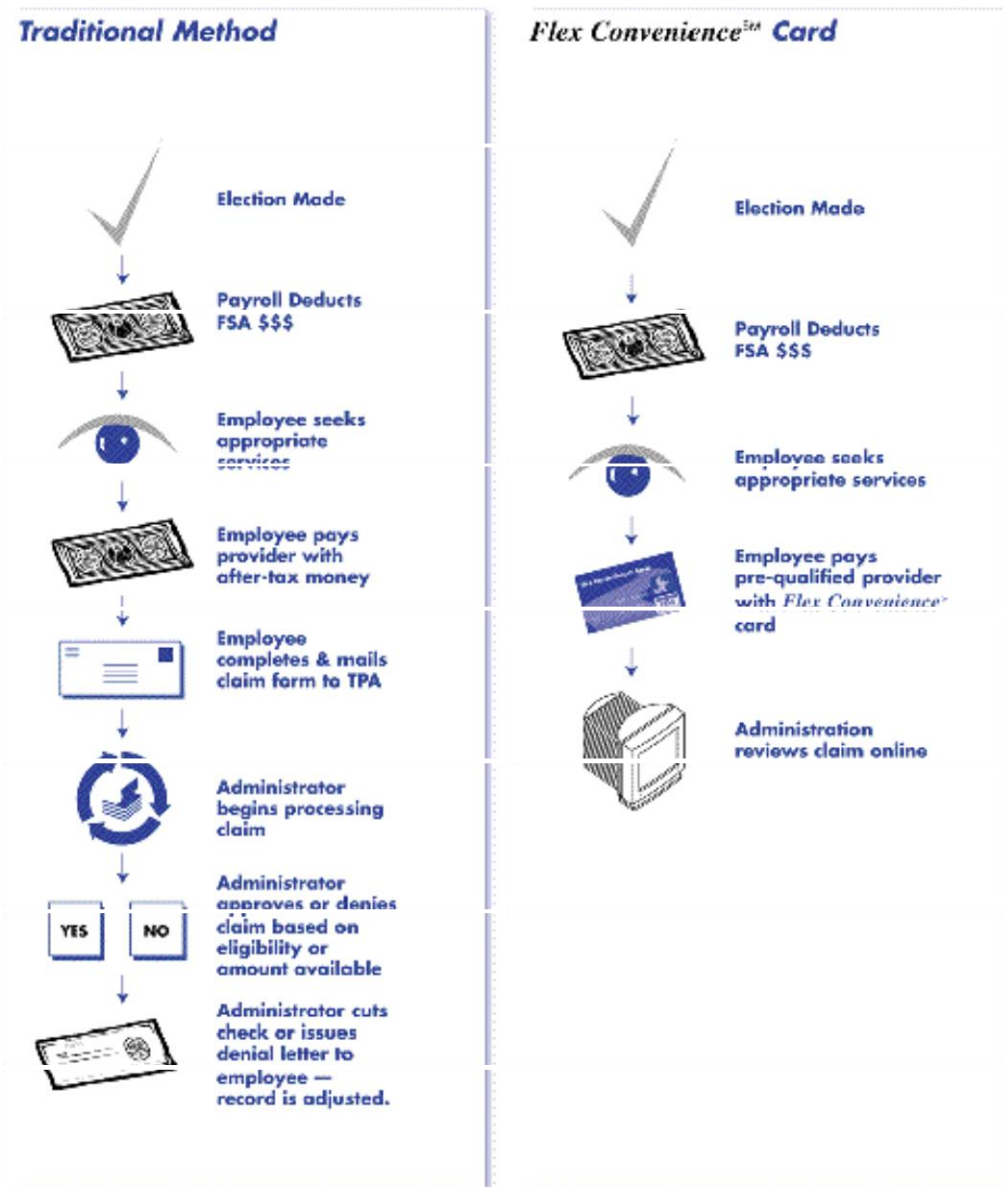
The ***Flex Convenience*** card gives you the following advantages:

- No out-of-pocket expenses at the time of service.
- No waiting for reimbursement.
- You may be eligible for discounts at participating merchants and providers.
- Monthly statements detail your account use to help you plan for future expenses.
- Easier access and more efficient use of your flex funds decrease the risk of losing unused funds at the end of the year.

The ***Flex Convenience*** card is easy to use:

- You can save time and avoid the paper chase because charges are paid electronically.
- Present your ***Flex Convenience*** card to pay for [eligible expenses](#)
- The ***Flex Convenience*** card automatically transfers pretax dollars from your Medical Reimbursement Account or Dependent Care Account to the provider or merchant to pay for qualified expenses.

The *Flex Convenience*® card



"Moving money in a flexible way"

SECTION 125 CAFETERIA PLAN

QUALIFIED MEDICAL AND DEPENDENT CARE EXPENSES

Please visit our website at www.jemtpa.com and follow these steps to see the 2011 Qualified Medical Reimbursement list:

1. Click on Forms
2. Click on 125 Forms
3. Click on 125 Resources
4. Click on Listing of Flex Plan Expense Eligibility

DEPENDENT CARE REIMBURSEMENT

Dependent Care Reimbursement permits you to be reimbursed, on a pre-tax basis, for the cost of child care expenses (the child must be under 13 years of age), certain school expenses (e.g. nursery school) or for the care of an incapacitated spouse or dependent when those services make it possible for you (and your spouse) to work. To be eligible to use this account, you must be at work during the time your eligible dependents are receiving the care.

You qualify to use this account if you are gainfully employed and:

- you are a single parent; or
- you have a working spouse; or
- your spouse is a full-time student for at least five months during the year while you are working; or
- your spouse is disabled and unable to provide for his or her own care.

Expenses will be eligible for reimbursement if the services would be considered an eligible credit under the Internal Revenue Code.

Expenses may be reimbursed for services provided:

- Inside or outside your home by anyone *other than*:
 1. your spouse,
 2. someone who is your dependent for income tax purposes,
 3. one of your children under age 19; or
- In a dependent care center or a child care center (if the center cares for more than six children, it must comply with all applicable state and local regulations); or
- By a housekeeper whose services include, in part, providing care for an eligible dependent; or
- Day camp expenses (overnight camp is **not** eligible)

A taxpayer must provide the name, address and taxpayer identification number of the dependent care provider. If the provider is exempt from federal income taxation under Code Section 501(c)3, the taxpayer is not required to report this number.

You must decide during your enrollment period how much money you want to set aside for dependent care assistance on a pre-tax basis. This amount cannot be changed during the plan year unless you have a change on account of and consistent with a change in family status such as:

- marriage
- divorce
- death of spouse or child
- birth or adoption of child
- significant change in your spouse's employment status