

# MHMRA of Harris County

## Flexible Benefits Plan Election Form / Salary Reduction Agreement

Plan Year: January 1, 2008 to December 31, 2008	<b>Benefit Effective Date:</b> <i>(HR/Payroll use ONLY)</i>		
Employee Name:	Social Security Number:		
Date of Birth:	E-mail address:		
Address:	City:	State:	Zip:
Spouse Name:	Dependent Name(s):		

A Flexible Benefits Plan allows you, the employee, to pay for the benefits you choose through a salary reduction agreement using pre-tax dollars. You may decline to participate in the Flexible Benefits Plan. However, unless you indicate otherwise, your payments for certain benefits will be made before Federal, State and Social Security Taxes. This enrollment form also provides you with the opportunity to establish a Dependent Care Assistance Program (DCAP) and/or a Health Flexible Spending Account (Health FSA) with pre-tax dollars for the Plan Year. Please review this form and sign.

### PRE-TAX ELECTION FOR REIMBURSEMENT ACCOUNT:

Under a Flexible Benefits Plan you may create flexible spending accounts for your dependent care expenses and health care expenses. The amounts you elect to contribute to these flex accounts are deducted from your paycheck on a pre-tax basis.

\$ \_\_\_\_\_ **Per Pay Period for Health Flexible Spending Reimbursement (see below).**

Maximum Contribution = **\$2,500** per Plan Year

Maximum Per Pay Period contribution = \$104.17 per period (24 total)

*I wish to waive participation in Health FSA (Initial Box)*

\$ \_\_\_\_\_ **Per Pay Period for Dependent Care Expense Reimbursement. (see below)**

Maximum Contribution = **\$5,000** per Plan Year

Maximum Per Pay Period contribution = \$208.34 per period (24 total)

*I wish to waive participation in DCAP (Initial Box)*

I understand that:

- Maximum salary reduction amounts may not exceed 50% of employee's compensation.
- The election concerning Section 125 Plan participation and the benefits elected, if any, will remain in effect and cannot be revoked and changed during the plan year. The only exception is that you may change your election on account of and consistent with a change of family status (e.g. marriage, divorce, death of a spouse or child, birth or adoption of a child, change of employment status of spouse). Health Care expense reimbursement participation may not be changed and may only be terminated on account of termination of my employment. For special rules affecting your plan, please contact your employer.
- The selection of an insurance benefit and the indication that a premium is to be paid does not necessarily include me in the insurance portions of this program. The premium for the contract selected may be adjusted by the insurance company issuing the contract, and, in most instances, an application for insurance must also be completed. Should the premium for the contract selected be adjusted by the company, my income will be reduced or increased as necessary to pay the premium under the terms of Section 125 Flexible Benefit Plan.
- If I do not use all of the money contributed to the Health FSA and DCAP, I will forfeit those funds.

I have read the information above and authorize my employer to deduct from my pay the pre-tax contributions required by my benefit elections.

Signature: \_\_\_\_\_

Date \_\_\_\_\_

### AFTER-TAX ELECTION:

Premiums for insurance coverage will be deducted from your pay before Federal, State, and Social Security Taxes are withheld, unless you elect here to make after-tax premium payments. NOTE: You cannot participate in any of the reimbursement accounts if you elect to make after-tax payments.

I have read the information above and elect to have my benefits deducted from my pay after-tax.

Signature: \_\_\_\_\_

Date \_\_\_\_\_

<i>To be filled in by Human Resources</i>	Contribution per pay period:
# of pay periods remaining _____	\$ _____ Health FSA
Effective Date: _____	\$ _____ DCAP

## Terms and Conditions

I hereby authorize the above payroll reductions as my contribution to my Employer's Flexible Benefits Plan. I understand that:

- Changes in the Flexible Benefits Plan elections can only be made at the end of the plan year unless due to and consistent with a valid change in status (e.g. change in legal marital status; change in number of dependents; change in employment status; dependent satisfies or ceases to satisfy dependent requirement; residence change), cost or coverage changes, and such other events as would permit a revocation or change of election under IRC 125 regulations. Participation in this plan will automatically cease upon termination of employment. In most cases NO change may be made in the Medical Expense Reimbursement Account except for termination of participation due to termination of employment. For special rules affecting your plan, please contact your employer. FICA taxes are not paid on Sec. 125 salary reduction; therefore, social security benefits at retirement may be reduced.
- Execution of this benefit election/salary reduction agreement does not automatically institute insurance coverage; in most instances an application for insurance must be completed. Premiums charged for insurance coverage may be adjusted by the insurance carrier issuing the contract and my "take-home" pay may be higher or lower depending on the selections made.
- This authorization replaces any previous authorization I have made.

## FLEXIBLE BENEFIT PLAN

### EXPENSE REIMBURSEMENT RULES FOR PARTICIPATION

READ THE INFORMATION PROVIDED BELOW AND I UNDERSTAND THE RULES FOR PARTICIPATION IN THE EXPENSE REIMBURSEMENT PORTION OF THE FLEXIBLE BENEFIT PLAN.

- I understand that if the dollars allocated to be reimbursed to me under the provisions of this plan are not used for such benefits, the balance of the unused amounts must be forfeited to my Employer ("use it or lose it"). Unused amounts cannot be carried forward into the next plan year.
- Medical expenses reimbursed under this plan are not eligible as tax deductions on my federal income tax return.
- Medical expenses for reimbursement include certain expenses incurred during the plan year for the diagnosis, cure, mitigation, treatment, or prevention of disease for which there has been no other reimbursement through insurance, damages, or otherwise. Certain cosmetic surgery expenses and medical insurance premiums are not eligible for reimbursement.
- In most cases, no change may be made in the medical expense reimbursement account except for termination of the plan due to termination of my employment. For special rules affecting your plan, please contact you employer. I understand that during an unpaid leave of absence, contributions to the medical expense reimbursement account must continue, just like insurance premiums. For payment options, contact your employer.
- If I terminate my employment and do not elect to continue my medical expense account payments on an after tax basis, only expenses incurred during the period of coverage will be reimbursed. Coverage under the reimbursement account ceases when the payments cease.
- Dependent care expenses reimbursed under this plan are not eligible for the dependent care tax credit on my federal income tax return. Dependent care elections are irrevocable for the period of coverage, except for a change in status, or other qualified event, which affects your need for day care.
- Dependent care expenses eligible for reimbursement must be provided by third parties meeting both applicable state law requirements and federal tax law requirements. Claims may only be made for dependent care that has already been provided. Amounts allocated to the dependent care reimbursement fund cannot exceed the lesser of the amount allowed be federal tax law or \$5,000 for the calendar year.
- I understand that I will receive expense vouchers to assist in filing for the expense reimbursement and in keeping track of eligible expenses under the plan. I also understand that I must complete one of these vouchers and submit it with proper documentation in order to be reimbursed for any expenses on a timely basis.
- I understand that I must submit documentation as requested by Acordia for all expenses reimbursed under this plan.
- I agree to notify my Employer if there is reason to believe that any item for which reimbursement has been made is not allowable under the terms of the Plan.