

## THE SISC FLEX ADVANTAGE

The SISC Flex Plan allows active employees to set pre-tax dollars aside to pay for certain medical and dependent care expenses. With careful planning, the SISC Flex Plan can save you dollars you would otherwise pay as taxes.

## YES, TAX SAVINGS!

Money you put aside in the Flex Plan is actually taken out of your earnings before state, federal, Medicare, and social security taxes are deducted. This reduces your taxable income while allowing you to pay for eligible dependent care and medical expenses.

## POP & FLEX ACCOUNTS

The Flex Plan is divided into three parts:

- Premium Only Plan (POP):**  
Employee-paid medical, dental and vision premiums can be made on a pre-tax basis through this account.
- Dependent Care Spending Account:**  
Payments for daycare, home care, or child-care bills for care of a dependent child under age 13, a disabled child of any age, a disabled spouse or a disabled dependent parent can be made on a pre-tax basis through this account.
- Health Care Spending Account:**  
Payments for coinsurance, deductibles and most medical, dental and vision expenses that are not covered by insurance can be made on a pre-tax basis through this account.

## ELIGIBILITY FOR SISC FLEX

To be eligible for SISC Flex you must be an active employee of SISC member district participating in the SISC Flex Plan.

## HOW DOES THE FLEX PLAN WORK?

You contribute part of your salary or paycheck on a pre-tax basis to fund the Dependent or Health Care Spending Accounts. You are responsible for paying the provider of services. When you incur an eligible expense, you may file a claim with SISC Flex. When the claim is approved, a reimbursement will be made to you.

## MAXIMUM AND MINIMUM CONTRIBUTIONS

The maximum amount you can contribute each year to the Medical Reimbursement Account is \$3,600 and \$5,000 for the Dependent Care Reimbursement Account. There is a minimum contribution of \$10 per month.

## HOW SUSAN SAVES WITH SISC FLEX

Here's an example of how pre-tax dollars work. Susan, a married employee who makes \$48,000 a year pays family premiums for health coverage and puts \$75 a month in the Health Care Spending Account to pay for medical expenses that are not covered by the SISC Health Plan. Look at the savings created by paying for these expenses with pre-tax dollars.

	Without SISC FLEX	With SISC FLEX
<b>Total Monthly Pay Less Non-Taxable Benefits</b>	\$4,000	\$4,000
Insurance Premiums	\$0	\$379
Medical/Dental Expenses	\$0	\$75
Childcare Expenses	\$0	\$0
Total Pay Subject to Tax	\$4,000	\$3,546
<b>Less Deductions</b>		
Federal & State Taxes*	\$825	\$674
Social Security Tax	\$306	\$271
After Tax Income	\$2,869	\$2,601
<b>After Tax Expenses</b>		
Insurance Premiums	\$379	\$0
Medical/Dental Expenses	\$75	\$0
Childcare Expenses**	\$0	\$0
Spendable Income	\$2,415	\$2,601
Annual Increase in Take-Home Pay		\$2,232

\* Federal & State taxes reflect 2007 Federal Tax rates and typical CA state taxes.

\*\* Does not include any available tax credit for child care expenses.

Susan increased her spendable income because she paid for SISC health premiums and non-covered medical expenses with pre-tax dollars, saving her \$2,232 in taxes.

## PREMIUM ONLY PLAN (POP) ENROLLMENT

If you elect the POP Plan, your portion of the insurance premium will be deducted from your pay on a pre-tax basis. Alternatively, you may elect to make premium payments with an after-tax payroll deduction.

## PARTICIPATION IN THE HEALTH CARE AND/OR DEPENDENT CARE SPENDING ACCOUNTS

***To participate in the Medical Reimbursement or Dependent Care Account you must complete an annual enrollment form.***

The SISC Flex Enrollment Form has blanks for your annual Spending Account Deduction, the number of times you will receive a paycheck each year, and the Deduction that will be made each pay period. Indicate the amount you want deducted from your pay in the appropriate blank on the enrollment form.

## ESTIMATE EXPECTED COSTS CAREFULLY

How much you should contribute to your Health Care and/or Dependent Care Spending Account depends on what you estimate your expense will be for the year. You must plan carefully before you contribute any part of your salary into the Flex Accounts. Add up what you plan to spend on dependent care and on medical expenses during the plan year to estimate how much to put into the Flex Plan. Make sure you complete the form correctly, because you cannot make corrections or changes once the form has been submitted.

## FORFEITURE RULE

IRS regulations require that any amounts that are contributed to a Flex Account and are not used for eligible expenses during the Plan Year must be forfeited each year. Estimate your expenses carefully so you do not put more money into the Flex Plan than you'll spend during the Plan Year.

**Remember: Any unused amounts will be forfeited.** However, you may check your account balance anytime during the Plan Year. You can confirm your Spending Account balances on your SISC Flex Reimbursement check stub, your Quarterly Statement or on the SISC Flex Web Site at <http://sisc.kern.org/flex/>

### **CHANGING YOUR SPENDING ACCOUNT ELECTIONS DURING THE PLAN YEAR**

SISC Flex Plan elections may only be modified if you have an allowable change in marital status or number of dependents. **Refer to the Summary Plan Document for more information.**

### **FILING A CLAIM FOR DEPENDENT CARE AND HEALTH CARE EXPENSES**

To receive reimbursement for dependent care and health care expenses, you must receive eligible services during the plan year. A claim for these expenses must be filed with SISC Flex. Complete a SISC Flex Claim Form and send it with an itemized bill or receipt to the SISC Flex Plan Office for processing. Claim forms may be obtained from your District's Benefits Administrator, the SISC Flex Administrator or the SISC Flex Web Site <http://sisc.kern.org/flex/>

The claim form must be completely filled out (each RX must be listed separately) and all required receipts attached or the claim will be returned to you for completion or correction without being processed. **Do not forget to sign and date the claim form.**

**Keep a copy of the claim form and any attached documentation.**

### **SMARTFLEX PURCHASES MADE EASIER**

**Medco online and mail order** systems work with your Smart Flex Debit Card to "auto-substantiate" purchases. That means you do not have to submit claim forms or receipts for prescriptions or OTC items purchased using the **Medco Online and mail order** systems.

**Expenses and account balances cannot be carried over to the next Plan Year for reimbursement.** For Health Care Expenses, Date of Service is the date you see the doctor or purchase the prescription. For Dependent Care Expenses, Date of Service is determined by when day care services are provided to the dependent, not when you pay the bill.

### **HEALTH CARE EXPENSES ELIGIBLE FOR REIMBURSEMENT**

Eligible medical care expenses may include, but are not limited to the following:

- Acupuncture – Performed by a licensed practitioner
- Contact Lenses & Lens Care Solutions
- Deductibles, Copays & Co-insurance
- Dental fees – x-rays, fillings, orthodontics, etc.
- Insulin and Diabetic Supplies
- Hearing aids – including batteries and repair
- Optometrist – services in the scope of license
- Prescription Eyeglasses
- Psychologist – services in the scope of license
- Licensed Physical or occupational therapy
- Treatment to stop smoking

See the SISC Flex website for a more comprehensive listing of eligible expenses. Consult an accountant or tax attorney with questions about eligible medical expenses *prior to enrolling.*

### **ELIGIBLE DEPENDENT CARE EXPENSES**

*"Dependent Care Expenses"* means employment-related expenses incurred on behalf of any Dependent who meets the requirements to be a *Qualifying Individual* (see the *Summary Plan Description*).

### **PLAN ADMINISTRATOR**

Every effort has been made to be as accurate as possible in communicating the highlights of this plan. All information is subject to correction if an error is discovered. In all cases, the SISC Flex Plan document governs the operation of the plan. If you have any questions, please contact the Plan Administrator at:

SISC FLEX  
P.O. Box 1808  
Bakersfield, CA 93303-1808  
Contact: SISC Flex Administrator  
Phone: (661) 636-4411  
1-800-972-1727

Email address: [SISCFLEX@kern.org](mailto:SISCFLEX@kern.org)

Web Site: <http://sisc.kern.org/flex/>

# The SISC Flex Plan

Employee  
Brochure