American Fidelity Assurance Company

A member of the American Fidelity Group

# Employee Benefit Election/Salary Reduction Agreement

**Employer:**

| | |
|---|---|
| **Emp #** | **Other Information:** |
| **Employee Name:** | **Social Security #:** |
| **Address:** | |
| **Email:** | **Home Phone #:** |

**Plan Year Beginning:** **Ending:**

# = Number of Deductions

| **Status** | **#** | **Effective Date** | **Benefit/Company** | **Section 125 Before-Tax** | **After-Tax Payroll Deduct** | **Employer Paid** |
|---|---|---|---|---|---|---|
| | | | Health/ | | | |
| | | | Dental/ | | | |
| | | | Health Flexible Spending Account/AFA | | | |
| | | | Dependent Day Care Flexible Spending Account/AFA | | | |
| | | | Monthly Flex Admin Fee/AFA | | | |
| | | | Cancer | | | |
| | | | Life | | | |
| | | | Disability* | | | |
| | | | Accident | | | |
| | | | HSA | | | |
| | | | One-time Set-Up Fee/AFA | | | |
| | | | Monthly HSA Admin Fee/AFA | | | |
| | | | | | | |
| | | | | | | |
| | | | Total | | | |

* This benefit will result in taxable income if selected on a before-tax basis.

** When indemnity premiums are before-tax, benefits paid in excess of the medical expenses incurred could be taxable.

As a part of my benefit election for the plan year, I have elected participation in the expense reimbursement account(s) as indicated below. I have received a summary of the terms of participation in the reimbursement accounts (M-3378) and understand the terms and conditions of participation in that portion of the Section 125 plan.

**$**_____ per plan year for Health Flexible Spending Account. _____

**$**_____ per plan year for Dependent Day Care Flexible Spending Account. (initials)

**Terms and Conditions**

I hereby authorize the above payroll reductions as my contribution to my Employer's Section 125 Cafeteria Plan.

I understand that:

1. Changes in the cafeteria plan elections (other than with respect to the Health Savings Account) can only be made at the end of the plan year unless due to and consistent with a valid status change (e.g., change in legal marital status; change in number of dependents; change in employment status; dependent satisfies or ceases to satisfy dependent eligibility requirements; 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 Health Flexible Spending Account except for termination of participation of employment. For special rules affecting your plan, please contact your employer. FICA taxes are not paid on Section 125 salary reduction. Therefore, your social security benefits at retirement may be reduced. Unused funds remaining in the flex spending accounts at the end of the current plan year will be forfeited.

2. 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 carrier issuing the contract and my "take-home" pay may be higher or lower depending on the selections made.

   If I have elected the Health Savings Account benefit, I certify that I have met all the Health Savings Account eligibility requirements, which have been separately disclosed to me, and that I will notify the Employer immediately in writing if I cease to meet any of the conditions for Health Savings Account eligibility during any month of the plan year.

This authorization replaces any previous authorization I have made. ☐ Waive Participation

Employee Signature_____ Date_____

S-2021-0311

# SECTION 125 FLEXIBLE BENEFIT PLAN
# EXPENSE REIMBURSEMENT RULES FOR PARTICIPATION

I understand that:

- If the dollars allocated to be reimbursed under the provisions of this plan are not used for such benefits, the balance of the unused amounts must be forfeited to the Employer ("use or lose"). Unused amounts cannot be carried forward into the next plan year.
- In most cases, no reimbursement from either account can be made until the first contribution is received and posted to the account.
- Medical expenses reimbursed under this plan are not eligible as tax deductions on the federal income tax return.
- Medical expenses for reimbursement include certain expenses incurred during the period of coverage 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.
- Reimbursements for over-the-counter drugs and medicines are permitted only with a medical practitioner's prescription, which must be submitted with the expense voucher requesting reimbursement.
- In most cases, no change may be made in the Health Flexible Spending Account except for termination of participation in the plan due to termination of employment (for special rules affecting your plan, please contact your Employer).
- During an unpaid leave of absence, contributions to the Health Flexible Spending Account must continue, just like insurance premiums (for payment options, contact your Employer).
- If employment is terminated and the participant does not elect to continue Health Flexible Spending Account contributions, only eligible expenses incurred during the period of coverage will be reimbursed. Coverage under this account ceases when the contributions cease.
- Only expenses incurred during the months that the participant is eligible for, and participating in, the plan can be considered for reimbursement.
- Dependent day care expenses reimbursed under this plan are not eligible for the dependent care tax credit on the federal income tax return.
- Dependent day care elections are irrevocable for the period of coverage, except for a change in status which affects the need for day care or for a cost and/or coverage change (certain other events may also allow an election change; please contact your Employer for details).
- Dependent day 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 Day Care Flexible Spending Account cannot exceed the lesser of the amount allowed by tax law or $5,000 for the calendar year ($2,500 if you are married and file a separate tax return).
- Instructions on how to acquire expense vouchers will be provided to the participant. The expense voucher must be completed and submitted with proper documentation in order for the participant to be reimbursed for any expense on a timely basis. The Employer will establish a cut-off date ("runoff period") for submission of vouchers.
- Documentation must be submitted for all expenses reimbursed under this plan as requested by American Fidelity.
- The Employer may allow for a grace period for the Health FSA. The grace period is an additional length of time after the plan year ends during which the participant can incur and submit claims for. (Not all Employers allow for the grace period; please contact your Employer to verify if this applies to your plan.)
- Important Notice For High Deductible Health Plan Participants. If you have a High Deductible Health Plan, we would like to remind you that if you participate in a Health Savings Account (i.e., through your spouse's employment or with an outside financial institute) you are not eligible to participate in the General Purpose Health Flexible Spending Account.

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**This form can only be used with #S-2021-0311**