

Presbytery of Giddings-Lovejoy
IRC SECTION 125 "FLEXIBLE SPENDING ARRANGEMENT"

H-9

FOR QUALIFIED STAFF OF THE PRESBYTERY OF GIDDINGS-LOVEJOY
2009

The Presbytery of Giddings-Lovejoy, by this agreement, establishes for its qualified employees a tax-exempt, "Flexible Spending Arrangement" as defined by the Internal Revenue Service in Section 125 of the Internal Revenue Code. The following conditions shall govern the management of this plan.

1. PARTICIPATION: ELIGIBILITY

- a. For the purposes of this agreement, "Employees" shall include those family members covered by the Board of Pensions Medical Plan.
- b. Employees of the Presbytery of Giddings-Lovejoy are eligible to participate, with the following exclusions (any one):
 - 1) Those who have been employed fewer than 12 months at the time of registration;
 - 2) Hourly employees who work fewer than 20 hours per week;
 - 3) Seasonal employees (who work fewer than 6 months per year and or work fewer than 3 consecutive months);
 - 4) Those under 21 years of age.
 - 5) Employees who have given notice (prior to submitting their enrollment form) of intent to sever their employee relationship with the Presbytery.

2. PARTICIPATION: OPTION

Eligible members may elect to participate in this "Flexible Spending Arrangement" by tax-exempt deductions from salary.

3. BENEFITS

Members who elect to participate shall be eligible for the following benefits:

- a. Medical Deductible Reimbursements. The Presbytery will reimburse participants for those medical expenses not covered by the Board of Pensions Medical Plan or medical expenses not paid for by an equivalent medical insurance plan.
- b. Dental Expenses. The Presbytery will reimburse participants for those dental expenses not covered by the Board of Pensions Medical Plan, its supplementary dental plan, and/or dental expenses not paid for by an independent dental insurance plan.
- c. Eye Expenses. The Presbytery will reimburse participants for all expenses related to eye exams, the purchase of corrective lenses and/or frames, and treatment of eye disorders not covered by the Board of Pensions Medical Plan.

Employees are eligible for benefits based on the Calendar Year (January 1 to December 31) in which expenses are incurred.

4. PARTICIPATION ELECTION

Each January 1 to January 25 ("Enrollment Period"), every qualified, eligible employee of the Presbytery shall receive a copy of this agreement along with an enrollment form to be completed and signed by the employee and returned to the Presbytery Treasurer no later than January 25. The enrollment form shall include at least the following options: *NOT TO PARTICIPATE; TO PARTICIPATE AT WHAT DOLLAR LEVEL.*

- a. Election Irrevocable. Once elected, participation and dollar level may not be adjusted until the following enrollment period, except for changes in family status or employment status.

5. MAXIMUM COVERAGE AND METHOD OF DEDUCTION

- a. Eligible employees may designate up to \$3000 of salary for their individual "Flexible Spending Arrangement". The designated amount is available to the participant from January 1 of the coverage calendar year.
- b. Each month, 1/12 of the coverage selected shall be deducted from the participant's salary and escrowed in a "Medical Reimbursable" account for that individual. The amount available to an employee is **NOT** dependent upon the amount escrowed at the time claims are submitted for reimbursement.

6. UNCOLLECTED BENEFITS

When funds remain in the flexible spending account at the end of a calendar year, employees may voucher allowed medical expenses for a grace period of two (2) months and fifteen (15) days the following year. This is allowed by the Flexible Spending IRS Code when it is written into a Personnel Policy. (IRS June 2005)

7. METHOD OF COLLECTION OF BENEFITS

Any time after submitting a completed an enrollment form (#4 above), employees may submit to the Financial Manager for authorization (the financial manager shall submit her/his to the Executive Presbyter) a voucher for reimbursement of medical expenses. Each voucher shall include the following:

- a. A copy of the billing/statement by the service provider.
- b. (When applicable) a copy of the Board of Pensions "Explanation of Benefits" indicating that portion of expenses not covered by the Board of Pensions Medical Plan and therefore claimed from the "Flexible Spending Arrangement" plan--or
a written explanation of anticipated coverage by the Board. In the latter case, the "Explanation of Benefits" must be provided to the Presbytery when received and any overpayment repaid at that time.
- c. If eye or dental billing, there shall be a written indication that this expense is not covered by the Board of Pensions medical plan.

A separate check shall be issued for payments from the "Flexible Spending Arrangement" plan. Reimbursement requests must be for not less than 1/6th of the selected total.

8. TAX AND PENSION

Participants understand that money deducted for the "Flexible Spending Plan" are not considered for "Effective Salary" for the Board of Pensions and no Board of Pension payments will be paid on the money set aside in the "Flexible Spending Plan". Further, participants understand that in accordance with IRS regulations, money set aside for a "Flexible Spending Plan" are not subject to Federal Income taxes and will not appear as income on their W-2 forms.

Employees who elect not to participate in the "Flexible Spending Plan" understand that Board of Pension payments will be made on their full "Effective Salary" and that taxes will be calculated on the basis of "Effective Salary".

9. SEPARATION FROM PRESBYTERY

If an employee is terminated, resigns, dies, or is permanently disabled, any money escrowed in the "Flexible Spending Plan" is **not** considered part of any severance arrangement. The employee will not owe the Presbytery anything if they have received more in reimbursements than they have paid in in monthly deductions nor will the Presbytery owe any impacted individual for amounts paid in but not claimed as of the time of notification of separation..

FLEXIBLE SPENDING ARRANGEMENT ENROLLMENT FORM 2009

Employee: _____

Position: _____

Calendar Year of Coverage: 2009

Budgeted Salary: \$ _____

Medical Reimbursement ***Provided*** by the Presbytery: \$ _____

THE FOLLOWING PORTION OF THE FORM IS TO HAVE ADDITIONAL FUNDS DEDUCTED FROM YOUR SALARY.

Check one of the following boxes:

I **elect NOT** to participate in the "Flexible Spending Arrangement"; do **not** make any deductions from my salary.

I **elect TO PARTICIPATE** in the "Flexible Spending Arrangement" offered by the Presbytery of Giddings-Lovejoy; please deduct 1/12 of my designated amount from each month's salary (or 1/24 if paid semi-monthly). *{Further, I understand that any money not reimbursed to me for medical expenses will not be available to me.}*

I designate \$ _____ additional amount from salary as my "Flexible Spending Arrangement".
[up to \$3,000 of salary limit]

You must initial the following before returning to the Financial Manager — EVEN IF YOU DO NOT PARTICIPATE.

_____ I have read the "Flexible Spending Arrangement" offered by the Presbytery of Giddings-Lovejoy and understand all the terms and conditions of the arrangement.

(Signature & Date)

Please submit this completed form to the Financial Manager of the Presbytery of Giddings-Lovejoy