

CENTENNIAL BOCES

WHAT IS A SECTION 125 FLEXIBLE BENEFIT PLAN?

A Section 125 Flexible Benefit Plan allows you, the employee, to spend benefit dollars for benefits that *you* choose to meet your needs. The benefits from which you may choose are listed below. The benefits that you select are then paid for with benefit dollars made available for you by your employer or through a salary reduction agreement with your employer. Salary reduction means that you are able to use "pre-tax" dollars to pay for certain benefits that you may have previously paid for with "after-tax" dollars.

HOW CAN THIS PLAN HELP YOU?

By implementing this plan, the district has helped you reduce your taxes and increase your spendable income. The cost saving advantage of the plan is simple. Any benefit costs or insurance premiums you pay under the plan are paid on a pre-tax basis. The example below illustrates the advantage of the Section 125 plan in comparison with a situation without the benefits of a plan.

<u>WITHOUT SECTION 125</u>		<u>WITH SECTION 125</u>	
Average Monthly Salary	\$2,000	Average Monthly Salary	\$2,000
Less Estimated PERA	-160	Less Medical Premium	-150
Less Est. Federal & State Withholding (20%)	<u>-368</u>	Less Cancer Premium	-25
	\$1,472	Less Other Supplemental Premium	-25
Less Medical Premium	-150	Less Out-of-Pocket "Flex" Expenses	<u>-50</u>
Less Cancer Premium	-25	Taxable Income	\$1,750
Less Other Supplemental Premium	-25		
Net Take Home Pay	\$1,272	Less Estimated PERA (8%)	-140
Less Out-of-Pocket "Flex" Expenses	-50	Less Est. Federal & State Withholding (20%)	<u>-322</u>
Net Take-Home Pay/Spendable Income	<u>\$1,222</u>	Net Take-Home Pay/Spendable Income	<u>\$1,288</u>

As you can see, by participating in a 125 plan you may be able to increase your take home pay. These additional dollars may be used to purchase other benefits needed by yourself or a family member.

Eligible Expenses:

Health/Dental/Vision Premiums
 Supplemental Accident Plan
 Supplemental Cancer Plan
 Medical Expense Reimbursement
 Dependent Care Expense

Other Benefits Available:

Life Insurance for Employee
 Life Insurance for Spouse
 Life Insurance for Children
 Disability Income Insurance
 Retirement Plans – PERA Matchmaker

Please speak with your American Fidelity Representative to discuss your
 Section 125 form for the new plan year beginning January 1, 2003.
Your signature is required on the form whether or not you make any changes.
 303-695-8880 or 1-800-365-9247