

The following explains the options under our Cafeteria Plan and tremendous tax savings benefits.

CAFETERIA PLAN

A Section 125 Cafeteria Plan is merely a tax savings plan which allows participating employees to deduct certain expenses from gross earnings before the computation of federal, state, and social security taxes. Under our plan, we will continue to have the following three (3) options.

CURRENT INSURANCE DEDUCTIONS ELIGIBLE TO PRE-TAX

Insurance:	Option 1.	State Health and Life Insurance, Dental, Vision, Cancer, Accident and Sickness
Flexible Spending:	Option 2.	Dependent Care Expenses
	Option 3.	Unreimbursed Medical Expenses

OPTION 1. INSURANCE

When making your on-line election, simply indicate that you wish to have your premiums pre-taxed under our plan. Payroll will make the necessary adjustments and your eligible premiums will be deducted tax-free.

FLEXIBLE SPENDING

OPTION 2. DEPENDENT CARE EXPENSE

If you have qualified dependents that require care while you and your spouse work, participation in this part of the plan can save taxes by pre-taxing the expense. Simply estimate your dependent care expenses for the **plan year**, up to a maximum of **\$5,000 per calendar year, (\$2,500 if married filing a separate return)**. Your annual election will be divided by your number of pay periods in the plan year and deducted tax free. Expenses must incur between January 1st and December 31st. The amount of Dependent Care you elect under the Cafeteria Plan will be listed on your W-2 Form, excluded from gross wages, but listed to report amounts sheltered to IRS. For more information please log onto: www.sabcflex.com/content/dependent-care

OPTION 3. UNREIMBURSED MEDICAL EXPENSES (URM)

If you have medical expenses which you have to pay out of your own pocket such as, medical deductibles, co-insurance, co-pays, dental expenses, eye care expenses, you will save valuable tax dollars by participating in this spending account. To participate, you must estimate the amount of out-of-pocket medical expenses you will incur during the plan year, up to a maximum of **\$2,750** per plan year. Your annual election will be divided by the number of pay periods in the plan year and deducted tax free and placed in your account with SABC.

After eligible expenses have been incurred, simply submit proof of the expense with a reimbursement form to SABC and you will be reimbursed up to the amount you have requested, not to exceed your annual election. (**Sample List of Deductible Medical Expenses at www.sabcflex.com/content/eligible-medical-expenses**) Expenses may be for you, your spouse and children up to age 27. Expense must incur (services rendered) between January 1, 2022 and March 15, 2023. Should you have any questions about eligibility, please contact SABC.

IMPORTANT NOTE: Terms of participation in the Unreimbursed Medical portion of the plan require that your annual contribution is fulfilled. Because your total election is available to you anytime during the plan year, should you terminate anytime during the plan year, your remaining contribution will come from your last paycheck tax free. You will continue to be a participant until the end of plan year. All elections made under the plan are irrevocable unless a Status Change occurs. Examples of Status Changes are - marriage, divorce, birth, death, adoption or, a change of your spouses' employment and the requested change must be consistent with the event. Eligibility will be determined by Human Resources.

It is recommended that your Dependent Care and/or Unreimbursed Medical elections are conservative. Determine your election based on known expenses. This will ensure that you do not forfeit any unclaimed funds at the end of coverage period. Regulations require that monies not claimed or left over after the coverage period, become the property of the employer.

CLAIMS PROCEDURES FOR FLEXIBLESPENDING EXPENSES

For claims information, please log on to <https://www.sabcflex.com/content/claim-procedures>.