Section 125

Cafeteria Plan

Effective January 1, 1999

This IRS-approved plan allows certain types of insurance plans to be purchased with pre-tax dollars. By choosing to use pre-tax dollars, an employee can reduce federal income taxes by reducing taxable income by the amount of the insurance premiums paid. However, there is one possible disadvantage of electing to have the disability premium pre-tax. If any benefit is received, it is treated as income, and will be subject to Federal Income Tax. For this reason, many employees choose to take the disability plan after-tax.

The IRS has strict rules governing this plan. An employee makes an election once a year and may not change this election except for certain events that are stipulated by the IRS code. Any change must be made within 31 days of the qualifying event. These status change events are as follows:

1. **Legal Marital Status:** Including marriage, death of a spouse, divorce, legal separation, or annulment.
2. **Number of Dependents:** Including change in number of dependents (as defined in IRS Section 125) including birth, adoption, placement for adoption, or death.
3. **Employment Status:** Termination or commencement of employment by the employee, spouse, or dependent.
4. **Work Schedule:** Reduction or increase in hours of employment by the employee, spouse, or dependent, including a switch between part-time and full-time, a strike or lockout, or commencement or return from an unpaid leave of absence.
5. **Dependent Satisfies (or Ceases to Satisfy) Requirement for Unmarried Dependents:** Events causing dependent to satisfy or cease to satisfy requirements for coverage due to attainment of age, student status, or similar circumstances as provided in an accident or health plan under which the employee receives coverage.
6. **Residence or Work Site:** Change in place of residence or work of the employee, spouse, or dependent.
7. **Health Coverage:** A significant change in employee or spousal health coverage attributable to spouse’s employment.

FAMILY AND MEDICAL LEAVE ACT (FMLA)

If *you* are granted a leave of absence (Leave) by the *employer* as required by the Federal Family and Medical Leave Act, *you* may continue to be covered under the Plan for the duration of the Leave under the same conditions as other *employees* who are an *eligible class* and covered by the Plan. If *you* choose to terminate coverage during the Leave, or if coverage terminates as a result of nonpayment of any required contribution, coverage may be reinstated on the date *you* return to an *eligible class* immediately following the end of the Leave. In order to reinstate coverage upon return from leave, you must contact the benefits office within 31 days upon your return. Expenses incurred can be reimbursed, applicable to your plan, retro to the date of your reinstatement date of coverage. **Insurance contribution is paid by the District for a maximum of 12 workweeks. It will be the employees’ responsibility to pay the monthly premium owed plus the district contribution towards their medical coverage if not receiving payroll checks.**