

# 2008 Flexible Benefits Plan Enrollment

Monday, November 26 to Friday, December 14, 2007

Deductions begin with Pay Period 1–2008, paid on January 10



All enrollment information and forms are available on the County Intranet under HR-Employee Benefits or from home at: [www.sbcountyhr.org/benefits/flexspend.html](http://www.sbcountyhr.org/benefits/flexspend.html)



This brochure will provide you with a summary description of the benefits available to you under this program.



## Flexible Benefits Plan options are...

- A. Pre-Tax Health Insurance Premiums
- B. Flexible Spending Account (FSA) Plans
  - 1. Health Care
  - 2. Dependent/Child Care
- C. Optional Group Term Life Insurance
- D. Personal Accident Insurance

- This tax savings program is only available for enrollment at the beginning of each calendar year.
- You can only make changes **during** the calendar year when you have a qualified “change in status” (e.g.; birth, death, marriage, divorce, adoption, spouse’s loss of coverage, etc.). Qualified status changes are more fully described at the end of this brochure and on our Intranet site.

### New FSA/HSA ROLLOVER OPTION FOR 2008

If you are currently enrolled in a Health Care Flexible Spending Account (FSA) and had an FSA in September 2006, you may be eligible to start a Health Savings Account (HSA) with your 2007 year end FSA balance.

- See the HSA plan insert with this brochure for more details.

## Question & Answer Enrollment Meetings

*Employee Benefits staff will be available at the following locations and dates to answer your questions and distribute plan materials. You may also enroll at these sessions.*

<b>Santa Barbara</b>	Thursday, Nov. 29...noon to 3:00 pm Tuesday, Dec. 4...9:00 to noon Tuesday, Dec. 11...9:00 to noon	Board of Supervisors’ Conference Room, 105 E. Anapamu St., 4th floor Public Health Auditorium, 300 North San Antonio Road Employee University, Valley Room, 267 Camino Del Remedio
<b>Santa Maria</b>	Tuesday, Nov. 27...1:00 to 3:00 pm Wednesday, Dec. 5...1:00 to 4:00 pm Wednesday, Dec. 12...9:00 to 11:00 am	Public Works Conference Room, 620 West Foster Road Board of Supervisors Hearing Room, 511 E. Lakeside Parkway Workforce Resource Center, Sutter Room, 1410 South Broadway
<b>Lompoc</b>	Wednesday, Nov. 28...9:00 to 11:00 am Thursday, Dec. 6... 9:00 to 11:00 am	First Floor Conference Room, 410 East Cypress Social Services, 1100 West Laurel Avenue

## To Enroll

Fill out the Flexible Benefits Plan Enrollment Form along with the Life Insurance or Accident Insurance enrollment forms and beneficiary cards (if selected) and return them to Human Resources, Employee Benefits Division by interoffice or U.S. Mail

**by Friday, December 14 (Postmarks accepted).**

**Please note: Enrollment for County health plans will be held in June 2008.**

## Why Should I Enroll in the Flexible Benefits Plan?

### Who Is Eligible to Participate?

All regular full and part-time employees are eligible to participate. Sorry, extra help and contractors are not eligible for this program.



### Tax Advantages

This is a cafeteria tax-savings program under Internal Revenue Service Code Section 125 which allows you to pay for a variety of health, dependent care, life, and accident insurance expenses with pre-tax dollars. Any pre-tax item you select through this program costs you less because the salary and benefit allowance dollars you use to pay for it are not taxed (federal, state, or social security taxes). The Flexible Benefits Plan options you select will be taken out of your earnings before federal income and social security taxes are deducted. This allows you to reduce your taxable income and, at the same time, continue to meet your dependent care and medical expenses.

#### Here's an example of how pre-tax dollars work –

Let's take the case of a single employee who makes \$30,000 a year. This employee pays the premiums for health coverage and puts \$450 in the Health Care FSA to pay for medical expenses that are not covered by their health plan. Look at the chart on the right to see the savings created by paying for these expenses with pre-tax dollars.

Single Employee (using 2007 tax rates)	WITHOUT PRE-TAX DOLLARS	WITH PRE-TAX DOLLARS	TAX SAVINGS
Gross Pay	\$30,000	\$30,000	
Salary Reduction for Health premium	-0-	– \$2,400	
Salary Reduction for Medical expenses	-0-	– \$450	
ADJUSTED SALARY	\$30,000	\$27,150	
Federal Taxes	– \$4,109	– \$3,681	\$428
State Taxes	– \$897	– \$726	\$171
FICA Taxes	– \$1,860	– \$1,683	\$177
TOTAL NET INCOME	\$23,134	\$21,060	
Health Premiums (after taxes)	– \$2,400	-0-	
Medical Expenses (after taxes)	– \$450	-0-	
SPENDABLE INCOME	\$20,284	\$21,060	\$776

Because this employee paid for health premiums and non-covered medical expenses with pre-tax dollars, their taxable income was reduced and \$776 was saved in taxes. Another advantage of the Flex Plan is the convenience of having your contribution made by payroll deduction each pay period. Some employees use this as a "savings account" for medical expenses during the year.

## Flexible Benefits Plan Options Available

*You may select all these options, none of these options, or any combination of them.*

**A. Pre-Tax Health Insurance Premiums** – This option pays for all County medical and dental insurance premiums before the federal, state and social security taxes are paid.

- You do not need to complete an enrollment form to select this option.
- Only select this option if you want your premiums to be paid for with after-tax (taxable) payroll deductions.

**B. Flexible Spending Account Plans** – Two Options:

- Health Care
- Dependent/Child Care

Both spending account options will help you save taxes on your out-of-pocket healthcare and dependent care expenses.

**C. Optional Group Term Life Insurance**

**D. Personal Accident Insurance**

## Flexible Spending Account (FSA) Enrollment & Reimbursement Guidelines

Flexible Spending Accounts (FSAs) help you save money by setting aside pre-tax dollars to pay for certain health care and dependent care expenses. The County offers a Health Care FSA and a Dependent Care FSA. Each year you have the option of enrolling in one or both of these accounts. If you already participate and want to continue, **you must re-enroll for the 2008 plan year.**

### Enrollment & Registration with ADP

- When you enroll in an FSA account, you elect how much money you want to put into the account from each paycheck over the course of the year. Your before-tax contributions are automatically deducted each pay period and deposited in your account.

- Your biweekly FSA deduction amount will be in effect for the entire plan year. You cannot stop or change your FSA contributions during the plan year unless you have a qualified status change, such as marriage, divorce, or birth or adoption of a child. See page 7 for more information about making mid-year election changes.
- Contributions cannot be transferred between the Health Care FSA and the Dependent Care FSA for expense reimbursement.
- After the first payroll of 2008 is processed (or after the first payroll for employees hired later in the year), you will be able to access your account through the internet. An outside vendor, ADP, acts as the County's Health Care & Dependent Care FSA administrator. (If you are already registered on their site you do not have to re-enroll for 2008).

- To log in to the ADP site for the first time, you will need to register using your Employee ID. Where SSN is requested, use "SBC000," "SBC00," or "SBC0" plus your employee ID to reach 9 digits. (For example, SBC001234 – the characters between SBC and your ID are zeros.)
- If your employment with the County ends during the year, you can only be reimbursed for claims incurred up to your last day of employment, unless you elect COBRA coverage for a Health Care FSA.

## Claiming Reimbursement

When you have an eligible expense, you pay the expense, then submit a claim form to ADP, the County's Health Care/Dependent Care FSA administrator. The administrator uses the funds in your account to reimburse you for your expense.

- **Obtaining Forms** – Claim forms can be found on the ADP website [www.flexdirect.adp.com](http://www.flexdirect.adp.com) or the Employee Benefits website [www.sbcountyhr.org](http://www.sbcountyhr.org). Once you have established a user name and password, you can obtain a claim form for either account from their Tools and Forms section. You can obtain your FSA balance, get information on which expenses you can have reimbursed and find out the status of claims you have submitted.
- **Submitting Claim Forms** – Claim forms should be mailed to ADP along with a bill, statement, or Explanation of Benefits from your insurer. This is required for proof of the

expense. Cancelled checks are not sufficient. You can also fax your claims with documentation to **866-392-4090**. Your reimbursement check will be mailed to you.

- **Expenses can only be reimbursed** if they were incurred (services were received or products purchased) during the 2008 plan year (January 1 through December 31) or the 2-½ month grace period (January 1 through March 15, 2009). You have until June 15, 2009 to submit your request for reimbursement.
- **Direct Deposit** – You can also request that your reimbursement be deposited directly into your bank account. A request form to direct all future reimbursements is available on the ADP site.
- **You must spend all the money in your accounts** or you will lose it. IRS rules do not allow you to carry over an FSA balance from one year to the next, so be sure to estimate your contributions carefully.
- **If you separate employment** during the year, you will only be able to file claims for services provided or products received up to your date of separation.

Please budget conservatively to avoid forfeiting your account funds. Any funds left over are used for administrative expenses and are not returned to you.

## B.1. Health Care Flexible Spending Account (FSA)

*This flexible spending account option allows you to be reimbursed on a pre-tax basis for medical or dental expenses (not insurance premiums) that you pay out-of-pocket and are not paid by an insurance plan.*

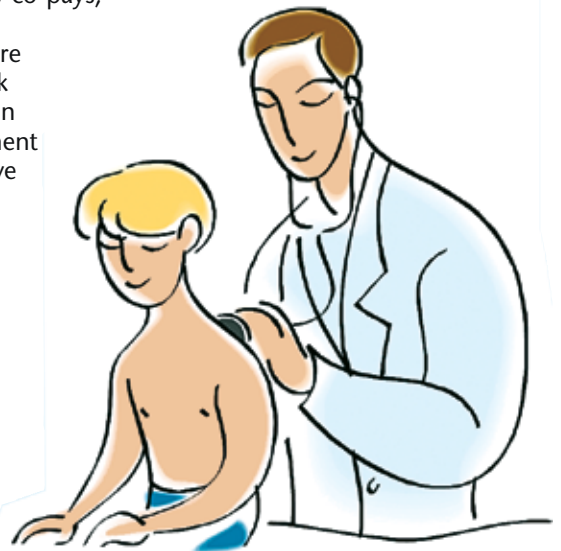
**With this FSA option, you can build a tax-free account to reimburse yourself for your out-of-pocket medical and dental expenses.** The IRS publishes a sample list of eligible medical expenses on their website which includes any medical or dental procedure, service, or product that meets their definition of "medical care" will qualify. The term "medical care" refers to: amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. The maximum amount allowed in your spending account is \$5,000 per year.

- In addition to services you receive from physicians and dentists, the IRS now allows reimbursement of over-the-counter medication and products that meet the definition of medical care (they do not have to be a tax-deductible item to qualify). Examples include bandages, aspirin, cold medication, and other similar products. You can see a sample list on our website [www.sbcountyhr.org/flexspend.html](http://www.sbcountyhr.org/flexspend.html)
- **If you enrolled in this option last year and you want to continue contributions for 2008, you must re-enroll in the account for 2008. Your 2007 deductions will not carry over to the 2008 year.**

The Health Care FSA saves you tax dollars by making your contributions to the account with pretax dollars. When you file for reimbursement of eligible medical expenses from the account, payment will be made to you and you do not pay tax on the reimbursement. And when you fill out your tax return for 2008, you cannot claim a deduction for these expenses,

since you never paid taxes on them. Even if you itemize your taxes, most employees are not able to take advantage of a medical expense deduction when they file their taxes, because their medical expenses are not over 7.5% of their income. Now any amount of qualified medical expenses up to \$5,000 can be paid for with pre-tax dollars by using this plan option. Even if you are on an HMO plan that pays most of your expenses, you can save taxes on your non-covered Lasik eye surgery, Rx expenses (including over-the-counter medication), chiropractic, physical therapy co-pays, or other out-of-pocket healthcare expenses. Check the work sheet in this announcement to see if you have expenses that will qualify.

**Please note:** This account is subject to the IRS "use it or lose it" provision described on page 4.



## Two Ways To Use Your Health Care FSA

**FSA Stored Value Card** – Another way to pay for eligible healthcare expenses without filing claims with ADP and waiting for reimbursement is to use your FSA Stored Value card. Each employee that enrolls in the Health Care FSA will receive an FSA card. If you have a card from last year, it is still valid. For additional dependent cards, contact ADP or go online to FlexDirect. This card can be used at qualifying vendors that use healthcare-related merchant codes (see ADP website for a vendor list). When using this card be sure to select the “credit” option.

- **FSA Card Substantiation** – You should save any receipts for purchases made on the FSA Card since credit card transactions often do not show the details of the purchase. ADP advises that you save them until 6 months after the plan year. If receipts are required for an FSA purchase you made, ADP will contact you and request one. The substantiation form to accompany the receipts can be found on the ADP FlexDirect website as well as the ADP FSA Card User Guide if you need more details.

**Please note:** Government regulations that go into effect on January 1, 2008 require that if you use your FSA card at a store that uses “merchant codes” that are not medical (such as Target, Wal-Mart) they will need to be substantiated by the store at the point-of-sale. It’s always best to separate your purchases so that your FSA card is only used for medical items. Long’s, Walgreens, Wal-Mart and Sam’s Club already have the system in place and more vendors will be accepting this form of payment throughout the year.

## Reimbursable & Non-reimbursable Expenses

The following lists illustrate only some of the items that have been held to be eligible or ineligible FSA medical expenses under Internal Revenue Code §213. The lists are by no means complete. The IRS does not provide a comprehensive list of all eligible medical expenses. For additional information visit the IRS website at [www.irs.gov/](http://www.irs.gov/) and the HR-Employee Benefits site at [www.sbcountyhr.org/benefits](http://www.sbcountyhr.org/benefits).

**Reimbursable Expenses** – The following are examples of medical expenses that generally are or (depending on the specific circumstances) may be reimbursable under a Health Care FSA:

- expenses incurred for hospital care
- expenses incurred for surgical procedures, including Lasik eye surgery
- physicians’ fees
- fees of other healthcare professionals, including psychologists, physical therapists, and acupuncturists, to the extent they are providing medically necessary services
- laboratory and clinical costs for services ordered by a physician, such as X-rays
- expenses incurred for sterilization procedures (e.g., vasectomies and tubal ligations) and legal abortions
- expenses incurred for dental or orthodontic treatment
- expenses incurred for nursing care (even if it is not provided by a registered or trained nurse), including board and lodging (but not long-term care expenses)
- expenses incurred for ambulance services and other travel costs (including the use of a personal automobile) that are incurred for the purpose of obtaining necessary medical care
- expenses incurred for medicines and other drugs that are taken to treat personal injuries or sickness, including insulin and birth control pills
- expenses incurred for medical treatment for alcohol or drug addiction

- expenses incurred for some holistic health treatments
- the cost of hearing aids
- the cost of guide dogs and human guides for the blind
- the cost of braille books and other educational devices or materials (e.g., special typewriters) for the blind
- the cost of wheelchairs
- the cost of crutches
- the cost of orthopedic shoes or braces
- the cost of special mattresses and boards designed for arthritis sufferers
- the cost of artificial teeth or limbs
- the cost of oxygen equipment
- the cost of eyeglasses or contact lenses (including solutions and related equipment)
- the cost of certain capital expenditures (building expenses), such as expenses of installing swimming pools, whirlpool baths, central air-conditioning, or elevators for the disabled, if required for the treatment of a specific medical problem.

**Non-reimbursable Expenses** – Expenses considered not eligible by the IRS include any expense that is not primarily for the prevention or treatment of a physical or mental illness or defect, such as health club dues, weight reduction (unless for a diagnosed illness), cosmetic surgery, vacations, and health foods. Sorry, you cannot use this account to pay for healthcare premiums for non-County health plans.

- See the Health Care FSA Work Sheet at the end of this announcement to figure your expenses.



## Use It or Lose It & New “Grace Period”

This flexible spending account is subject to the IRS rules regarding when eligible healthcare claims must be incurred. With the adoption of the new “grace period” you can request reimbursement for eligible healthcare services performed or products received between January 1, 2009 and March 15, 2009. Claims can be submitted up to June 15, 2009. Any funds not claimed by this date will not be returned to you or applied to your next year’s account.

- See the FSA Reimbursement Guidelines on page 2 for instructions on how to obtain reimbursement.

## B.2 Dependent/Child Care Flexible Spending Account (FSA)

*This flexible spending account option allows you to be reimbursed on a pre-tax basis for expenses related to child or adult dependent care while you are at work.*

This **Dependent/Child Care FSA** is a pre-tax savings account that you can access for reimbursement for care provided to your dependents so that you (and your spouse, if married) can work. Care can be for your dependent child age 12 and under or a dependent of any age if he or she lives with you and cannot care for himself or herself, such as an elderly parent or disabled child. The maximum amount you can contribute to this account is \$5,000 annually.

A Dependent Care Work Sheet is included in this announcement, on page 6, so you can figure out your “qualifying” dependent care expenses.

- **If you enrolled in this option last year and you want to continue contributions for 2008, you must re-enroll for the coming year.**

### Eligible Dependent Care Expenses

“Dependent Care Expenses” means employment-related expenses incurred on behalf of any Dependent who meets the requirements to be a Qualifying Individual, as defined below. All of the following conditions must be met for such expenses to qualify as Dependent Care Expenses that are eligible for reimbursement:

1. Each Dependent for whom you incur the expenses must be a Qualifying Individual—that is, he or she must be:
  - A person under age 13 that meets the definition of a “qualifying child” under Internal Revenue Code §152(c).
  - Your legal Spouse or a person who is your Dependent under federal tax law, but only if he or she is physically or mentally incapable of self-care.
  - A Qualifying Individual must share the same principal place of abode as you for more than half the year.
  - A Qualifying Individual (other than a spouse or certain children) with gross income that is less than the personal exemption amount under Internal Revenue Code §151(c) for the year (\$3,300 in 2007).
2. No day care reimbursement will be made if the reimbursement will exceed the balance in your Dependent Care Reimbursement Account. In addition, no reimbursement will be made to the extent that such reimbursement, when combined with the total amount of reimbursements made for the plan year, will exceed the applicable statutory limit. Your applicable statutory limit is the smallest of the following amounts:
  - your earned income for the calendar year (after your Salary Reductions under the plan);
  - the earned income of your Spouse for the calendar year (your Spouse will be deemed to have earned income of \$250 (\$500 if you have two or more Qualifying Individuals), for each month in which your Spouse is (1) physically or mentally incapable of self-care; or (2) a full-time student); or
  - either \$5,000 or \$2,500 for the calendar year, depending on your marital and tax filing status.
3. The expenses are incurred for services rendered during the 2008 Flex Plan Year or in the “grace period” (the two and a half months following the end of 2008) if there is an unused balance in your account as of December 31, 2008.

4. The expenses are incurred to enable you (and your Spouse, if you are married) to be gainfully employed, which generally means working or looking for work. If your Spouse is not working or looking for work when the expenses are incurred, he or she must be a full-time student or physically or mentally incapable of self-care.



5. You (or you and your Spouse together) are providing at least 50% of the cost of maintaining your household, and the expenses are incurred when at least one member of your household is a Qualifying Individual.
6. The expenses are incurred for the care of a Qualifying Individual or for household services attributable in part to the care of a Qualifying Individual.
7. If the expenses are incurred for services outside your household, they are incurred for the care of (1) a person under age 13 who is your Dependent under federal tax law; or (2) your Spouse or a person who is your Dependent under federal tax law, is physically or mentally incapable of self-care, and regularly spends at least eight hours per day in your household.
8. If the expenses are incurred for services provided by a dependent care center (that is, a facility that provides care for more than six individuals not residing at the facility), the center complies with all applicable state and local laws and regulations.
9. The person who provided care was not your Spouse or a person for whom you are entitled to a personal exemption under Code §151(c). If your child provided the care, he or she must be age 19 or older at the end of the year in which the expenses are incurred.
10. The expenses are not paid for services outside your household at a camp where the dependent stays overnight.

### **For more information about what items are—and are not—deductible Dependent Care Expenses –**

Consult IRS Publication 503 (Child and Dependent Care Expenses [www.irs.gov/](http://www.irs.gov/), under the heading “Tests to Claim the Credit.” Use the Publication with caution because its primary purpose is to help taxpayers figure out whether they can claim the Dependent Care Tax Credit, not to explain what is reimbursable under a Flex Plan.

## Dependent Care Tax Credit and the Dependent Care FSA

You may not claim any other tax benefit for the tax-free amounts you receive under this FSA, although the balance of your Dependent Care Expenses may be eligible for the household and dependent care services tax credit under Internal Revenue Code §21 (Dependent Care Tax Credit) (e.g., if you elect \$3,000 of coverage under this FSA and are reimbursed \$3,000, but you have Dependent Care Expenses totaling \$5,000, you can count the excess \$2,000 when calculating the Dependent Care Tax Credit).

**Note:** The amount of any Dependent Care Credit you may have available will be offset by any FSA tax benefits received under the Plan.

The Dependent Care Tax Credit is an allowance for a percentage of your annual Dependent Care Expenses as a credit against your federal income tax liability under the Code. Depending on your adjusted gross income, the credit percentage could be as much as 35% of your qualifying expenses.

- For more information about how the Dependent Care Tax Credit works, see IRS Publication 503 ("Child and Dependent Care Expenses" [www.irs.gov/](http://www.irs.gov/)). You may also wish to consult a tax advisor.
- Use IRS Form 2441 (Child and Dependent Care Expenses) available at [www.irs.gov/](http://www.irs.gov/) to help you. You may also wish to consult a tax advisor.

Each participant will have to determine his or her own tax position in order to make the decision between taxable and tax-free benefits. You should consult your tax advisor if you have questions.

## Use It or Lose It & New "Grace Period"

This flexible spending account is subject to the IRS rules regarding when eligible dependent care claims must be incurred. With the adoption of the new "grace period" you can request reimbursement for eligible dependent care services performed between January 1, 2008 and March 15, 2009. Claims can be submitted up to June 15, 2009. Any funds not claimed by this date will not be returned to you or applied to your next year's account.

See the FSA Reimbursement Guidelines on page 2 for instructions on how to obtain reimbursement.

## Dependent Care FSA Work Sheet – Make sure you bring home the greatest tax savings

**Which tax savings approach to take?** – The Dependent Care Reimbursement Account or the Federal Child and Dependent Care Tax Credit? Which works best for you? Complete this Dependent Care Work Sheet for a quick comparison of the tax savings.

Use the 2007 Personal Income Tax Rate chart below.

**What is taxable income?** – Taxable income is your salary (and other income such as interest and dividends) minus your personal exemptions (\$3,400 in 2007) and the standard deduction (\$5,950 single/\$10,700 married, filing jointly) or your itemized deductions. You can also subtract any pre-tax payments you have elected (for example, pre-tax health premiums, Medical or Dependent Care FSA contributions, Deferred Compensation Plan Contributions). If you use the Federal Child and Dependent Care Tax Credit, you cannot subtract the amount you pay for dependent care when calculating your taxable income (for finding your tax credit).

### Dependent Care Work Sheet

#### Federal Child and Dependent Care Tax Credit

Dependent Care Expenses \$ \_\_\_\_\_  
 Multiply: X \_\_\_\_\_ %  
 Your tax credit percentage based on your taxable income (see tax chart below)

**TAX SAVINGS** \$

#### Dependent Care Reimbursement Account

Dependent Care Expenses \$ \_\_\_\_\_  
 Multiply: X \_\_\_\_\_ %  
 Your tax rate  
 (federal, state FICA – see tax chart below)

**TAX SAVINGS** \$

As a general rule, if your family income is over \$25,000 per year, your tax savings will be greater under the Dependent Care FSA. For a more precise estimate, please consult your tax advisor.

### 2007 Personal Income Tax Rate

#### Single

INCOME	THE TAX IS:	OF THE AMOUNT OVER
\$0 – \$7,825	\$..... + 10%	\$0
\$7,825 – \$31,850	\$782.50 + 15%	\$7,825
\$31,850 – \$77,100	\$4,386.25 + 25%	\$31,850
\$77,100 – \$160,850	\$15,698.75 + 28%	\$77,100
\$160,850 – \$349,700	\$39,148.75 + 33%	\$160,850
\$349,700 – no limit	\$101,469.25 + 35%	\$349,700

#### Married Filing Jointly

INCOME	THE TAX IS:	OF THE AMOUNT OVER
\$0 – \$15,650	\$..... + 10%	\$0
\$15,650 – \$63,700	\$1,565.00 + 15%	\$15,650
\$63,700 – \$128,500	\$8,772.50 + 25%	\$63,700
\$128,500 – \$195,850	\$24,972.50 + 28%	\$128,500
\$195,850 – \$349,700	\$43,830.50 + 33%	\$195,850
\$349,700 – no limit	\$94,601.00 + 35%	\$349,700

### Tax Credit Percentage

\$0 – 15,000 .....	35%
15,000 – 17,000.....	34%
17,000 – 19,000.....	33%
19,000 – 21,000.....	32%
21,000 – 23,000.....	31%
23,000 – 25,000.....	30%
25,000 – 27,000.....	29%
27,000 – 29,000.....	28%
29,000 – 31,000.....	27%
31,000 – 33,000.....	26%
33,000 – 35,000.....	25%
35,000 – 37,000.....	24%
37,000 – 39,000.....	23%
39,000 – 41,000.....	22%
41,000 – 43,000.....	21%
43,000 & over .....	20%

Tax table includes 2007 federal tax rate.



The maximum amount of expenses that qualify for the tax credit is \$3,000 for the care of one dependent and \$6,000 for the care of two or more dependents. You may claim a federal income tax credit that varies from 20–35% depending on your adjusted gross income.

## C. Optional Group Term Life Insurance

*This optional coverage is offered in addition to the County-paid term life insurance plan with ING-Reliastar that covers all regular County employees.*

The County provides all regular employees with an ING Term Life Plan that has \$20,000 coverage (higher if you are an elected official, department head, or assistant department head). In addition to this coverage, you can also purchase more coverage for yourself (up to five times your salary), your spouse and your children through the Optional Group Term Life Insurance Program, insured through BCS Life Insurance Company. This program offers reduced premium rates for non-smokers and all premiums are rated in 5-year age groups.

- **To enroll please contact your payroll clerk to obtain a separate BCS Life Insurance brochure which has additional details on the program.**
- A full description of this life insurance plan and premium rate schedule is available on our website.

You can also convert this plan to a private policy at no increase in premiums when you are no longer eligible as an employee. Coverage is available in amounts up to five-times salary for

you (\$500,000 max), up to one-half your coverage for your spouse, and up to \$5,000 for your dependent children. The premium for the first \$50,000 coverage minus your County-paid coverage is a pre-tax salary reduction. All amounts over \$50,000 are after-tax deductions. If you select a coverage amount over \$50,000 (including your County coverage) you will see two deductions on your earnings statement. One is for the pre-tax reduction (labeled "RED") and the other is for the after-tax deduction (labeled "DED").

- **If you are already enrolled in this program, you do not need to re-enroll unless you want to change the amount of coverage.**
- **If you reached a new 5-year age band in 2007, your premium for the same coverage will increase in 2008.**

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Your life insurance deduction changes begin after your application is approved by the life insurance company, which usually causes a delay of about one month before the changes take effect.

## D. Personal Accident Insurance

*The maximum coverage under this plan from AIG is \$500,000 (up to 10 times your salary) and there are additional benefits\* provided*

All premiums are pre-tax reductions and you can insure just yourself or your whole family. Premiums for this plan to cover your whole family for \$200,000 are just \$4.34 a pay period.

- **To enroll, please obtain a separate Personal Accident Insurance Program brochure from your payroll clerk who has additional details on the program and an enrollment form.**
- The premium rate schedule is available on our website.

- If you are already enrolled in this program, you do not need to re-enroll unless you want to change the amount of coverage.

**\*Additional benefits include:**

- Travel Assistance Services
- Emergency Evacuation Benefit
- Repatriation of Remains Benefit
- Day Care Benefit
- Coma Benefit
- Seat Belt Benefit

## Some Final Important Notes

*Participation in the Flexible Benefits Plan does **not** change your base salary for other salary-based benefits such as disability, workers compensation and qualified retirement benefits.*

### Changing Plan Selections

You can only change your plan selections after the enrollment period closes if you have a qualified "change in status" or if you are under a "qualified medical child support order" from a court. Any changes you make must be consistent with your "change in status" and must be made within 31 days of the date of the event (marriage, birth, etc.) occurs.

**A qualified "change in status" involves a:**

- Change in legal marital status including marriage, death of a spouse, divorce, legal separation, annulment, or change in legal custody;
- Change in number of dependents, including birth, adoption, placement for adoption, or death of a dependent; or,
- Change in employment status, including termination or commencement of employment of the employee, spouse, or dependent; a strike or lockout; a commencement of or return from an unpaid leave of absence (i.e. not receiving regular pay); or,
- Change in work schedule that affects eligibility for benefits; or,
- The dependent satisfies or ceases to satisfy the requirements for unmarried dependents; or,

- A change in the place of residence or worksite of the employee, spouse, or dependent, including a change that affects the accessibility of network providers; or,
- Change in your health coverage or your spouse's coverage attributable to your spouse's employment; or,
- Change in an individual's eligibility for Medicare or Medicaid; or,
- A court order resulting from a divorce, legal separation, annulment, or change in legal custody (including Qualified Medical Child Support Order) requiring coverage for an employee's child or dependent foster child; or,
- An event that is a special enrollment event under HIPAA, including acquisition of a new dependent or spouse or loss of coverage under another health insurance policy or plan, if the coverage is terminated because of:
  - Voluntary or involuntary termination of employment or reduction in hours of employment, or death, divorce or legal separation; or,
  - Termination of employer contributions toward that other coverage; or,
  - If the other coverage was COBRA Continuation Coverage and the coverage was exhausted.

# Health Care FSA Work Sheet

*Use this work sheet to help determine your Health Care Reimbursement Account election amount.*



You may want to review receipts from last year for healthcare expenses you paid out of your own pocket or estimates you have obtained from your healthcare provider. Using these receipts and the work sheet, you can estimate the amount you want

to elect for the Health Care FSA. Only budget for those expenses eligible for reimbursement through the Health Care FSA that you know or can reasonably expect to spend (see partial list above). Remember, eligible expenses include those for you, your spouse and your dependents, and include both medical & dental expenses.

### Deductibles

Medical, Dental, Vision . . . . . \$ \_\_\_\_\_

### Copayments/Coinsurance

The amount not paid by your

- Health plan coverage . . . . . \$ \_\_\_\_\_
- Prescription drugs . . . . . \$ \_\_\_\_\_
- Vision care . . . . . \$ \_\_\_\_\_
- Dental / orthodontic care . . . . . \$ \_\_\_\_\_
- Treatments / therapies . . . . . \$ \_\_\_\_\_
- Fees / Services . . . . . \$ \_\_\_\_\_
- Mental health . . . . . \$ \_\_\_\_\_
- Assistance for disabled . . . . . \$ \_\_\_\_\_
- Other eligible expenses . . . . . \$ \_\_\_\_\_

### Amounts paid over plan limits

- Over reasonable & customary allowance . . . . . \$ \_\_\_\_\_
- Additional chiropractic visits . . . . . \$ \_\_\_\_\_
- Additional mental health visits . . . . . \$ \_\_\_\_\_
- Durable medical equipment . . . . . \$ \_\_\_\_\_

### Expenses NOT covered by your Insurance plan

- Acupuncture visits . . . . . \$ \_\_\_\_\_
- Prescription or non-prescription drugs . . . . . \$ \_\_\_\_\_
- Vision care . . . . . \$ \_\_\_\_\_
- Dental . . . . . \$ \_\_\_\_\_
- Capital expenses required by your physician . . . \$ \_\_\_\_\_
- Other eligible expenses . . . . . \$ \_\_\_\_\_

**TOTAL EXPENSES for SPENDING ACCOUNT**      \$ \_\_\_\_\_

### Internet and Intranet Access

All 2008 Flexible Benefits Plan materials, including forms, are available on the Internet at [www.sbcountyhr.org/benefits](http://www.sbcountyhr.org/benefits) as well as on the County Intranet at the HR-Benefits website. Please ask your LAN administrator to assist you if you cannot access this website.

Please return all enrollment materials **by FRIDAY, DECEMBER 14** by interoffice mail or by U.S. mail to:

**County of Santa Barbara  
Human Resources, Employee Benefits  
1226 Anacapa Street  
Santa Barbara, CA 93101**

**Forms received after this postmarked date may result in loss of enrollment opportunity for the 2008 Flexible Benefits Plan.**

