

Flexible Benefit Plan

Eligible Hope employees (those who worked at least 1,365 hours during the previous benefit year and are expected by the College to do so during the existing benefit year or have worked or are expected by the College to work at least 1,365 hours during the existing benefit year) may participate in the College sponsored tax savings plan for medical/dental and dependent care expenses. During open enrollment each year, employees are given the option to participate in this plan. New employees may also enroll during the first month of employment. Enrolled employees agree to a fixed payroll deduction each pay period and receive the benefit of lower federal, state and FICA taxes. Employee deductions go into their personal flexible spending account. Each payroll cycle an employee may submit a reimbursement form to receive tax free reimbursement for eligible expenses covered by the terms of the plan. The payroll deduction amount cannot normally be altered during the plan year (except for major changes in family status) and any year-end balance in the account must be forfeited to the College per IRS rules. Medical and dental amounts are limited to a \$10,000 maximum per year. Dependent care amounts are limited to \$5,000 each calendar year (\$2,500 if married and filing a separate return). Careful planning by employees should make the forfeiture risk minimal and the typical employee "saves" about 30-40% of the cost of eligible expenses due to the tax savings. The employee share of College health insurance premiums are paid through Part "A" of the plan on a tax-free basis. Voluntary dental insurance premiums paid through payroll deduction are also eligible for pre-tax payment through the FLEX plan.