



## TAX ADVANTAGED PLANS Effective January 1, 2009

### **MEDCOM - Flexible Spending Account (FSA)**

A provision under Section 125 of the Internal Revenue Code allows employees to use **pretax** salary dollars to pay for certain qualified out-of-pocket medical expenses and dependent-care costs. In other words, you may reduce the amount of tax withheld from your paycheck by entering into a salary reduction agreement for these eligible costs. Pretax disbursements increase your take-home pay because eligible out-of-pocket medical expenses and dependent-care costs will be deducted from your salary before taxes are calculated.

You may elect any amount up to the Annual Maximum Election of \$8,400 for the Medical Care and/or \$5,000 for the Dependent Care Reimbursement Account.

#### **SPECIAL NOTE:**

- If the employee verifies credible medical insurance coverage from a non-College source, the College may approve the voluntary withdrawal of the employee from the College's medical insurance plans. In such cases, the College will deposit \$720\* to a Medical Care Flexible Spending Account in the employee's name. The employee may also contribute additional amounts to the Medical Care Flexible Spending Account up to a maximum amount of \$8,400.

**\*Employees hired after January 1, 2009 will have a prorated contribution based on date of hire.**

**MEDCOM**, the College's FSA service provider, offers the use of a Metavante MasterCard card for eligible out-of-pocket medical or dependent care expenses at merchants accepting MasterCard thereby eliminating paper claims.

If you wish to contribute funds into the FSA, an enrollment form must be completed during the open enrollment period annually. You will not be allowed to cancel or change your election during the 12-month agreement period unless you have a qualified change in family or employment status. You must use the contributions to your medical or dependent-care accounts by the end of the 12-month period agreement (December 31) or those contributions will be forfeited.

#### **Receipt Substantiation**

**KEEP YOUR RECEIPTS!** The IRS requires that you save all your itemized receipts for expenses regarding the FSA. Receipts do not need to be submitted to MEDCOM unless requested. Debit card transactions where a receipt will not be requested include:

- Exact Co-payment Match with a BlueCross Plan
- Repetitive Medical FSA Transactions of the Same Dollar Amount with the Same Provider (i.e., Orthodontics)
- Over the Counter Purchases at Drugstore.com
- Walgreens Mail Order Prescriptions

Certain over-the-counter medications are eligible for reimbursement under the FSA. Please visit **www.drugstore.com** as an alternative to running to the drug store to purchase over-the-counter medications and to confirm reimbursement eligibility of over-the-counter medications. *Walgreens* has all registers programmed to identify FSA eligible expenses. Be prepared to supply your pre-paid Metavante MasterCard card number to complete purchases. All applicable taxes, shipping and handling expenses are FSA-eligible and added to your purchase total.



## TAX ADVANTAGED PLANS (cont.) Effective January 1, 2009

### Flexible Benefit Plans Help you Stretch Your Dollar

QUESTION: “When is a DOLLAR worth MORE than 100 PENNIES?”



ANSWER "*Rarely*"!

*This general overview is designed to provide you with information about a "rare" exception – Flexible Spending Accounts (FSA) offered under a Flexible Benefit Plan*

**Medical FSA** - Use to reimburse “out-of-pocket” expenses incurred in the Plan Year for medical, dental and/or vision expenses. You are entitled to the full amount of your annualized Medical FSA election at the beginning of the Flex Plan Year to pay for eligible expenses.

Maximum Contribution: \$8,400.00

**Dependent (Child/Elder) Care FSA** – Use to pay day care expenses incurred by your legal dependent children up to age 13 and any other dependent you claim on your federal income tax return. A Dependent Care FSA may only be used when both you and your spouse (if applicable) are gainfully employed. *Dependent Care reimbursement can only be made up to the amount accumulated in your Dependent Care FSA through payroll deduction.*

Maximum Contribution: \$5,000.00 if your filing Status is Single or Married Filing a Joint Return.  
\$2,500.00 if your filing Status is Married Filing Separate.

#### Here’s how it works:

- Make an election to estimate your usual out-of-pocket medical, dental, vision and day care expenses and enroll your additional contribution.
- After you enroll for additional contributions, the College will begin taking pre-tax payroll deductions each payday so that you will have paid for your plan by the end of the plan year.
- Pay the provider at the time of service with MEDCOM’s Metavante MasterCard for your “out-of-pocket” eligible medical or dependent care expenses at merchants accepting MasterCard cards.



## TAX ADVANTAGED PLANS (cont.) Effective January 1, 2009

- Paper claims are not necessary following the electronic transaction; however, **please maintain all receipts to substantiate your claim.** The IRS requires MEDCOM to audit/verify certain transactions which will be done through a written request of you, the employee.
- You will only have to file a paper claim if a provider does not accept MasterCard cards or if you don't have your card at the time of purchase.
- Check your balances and transaction history online at [www.mbicard.com](http://www.mbicard.com).

You may also visit the **Flex Plan Resource Library** at [www.emedcom.net/library/](http://www.emedcom.net/library/) (**MEDCOM Forms**) to access forms such as the FLEX plan reimbursement request, FLEX second card for spouse request form and the FLEX recurring expense claim form. If you have any questions, please contact MEDCOM Customer Service at 904.596.4500 or a member of your Benefits Team.

### **MEDCOM Flexible Benefit Plan Administration:**

- MEDCOM will answer your questions about the Flexible Benefit Plan.

Customer Service: 904-596-4500 or toll-free 800-523-7542 or you can email your questions to [flexcs@emedcom.net](mailto:flexcs@emedcom.net).





## TAX ADVANTAGED PLANS (cont.) Effective January 1, 2009

### **Voluntary 403(b) Plan**

The College offers its employees the opportunity to participate in a tax-deferred retirement savings plan, provided for by Section 403(b) of the Internal Revenue Service (IRS) Code.

New IRS regulations pertaining to tax-sheltered annuity (TSA) administration will mandate a higher level of accountability for the operation of 403(b) plans. Due to the additional responsibility assigned to the employers who sponsor such programs, Florida Community College along with the other 27 community colleges commissioned a subcommittee to develop a model plan and select 403(b) vendors who provide the best quality, service, and pricing for employees statewide.

Effective January 1, 2009, salary reduction contributions may only be made to the 403(b) vendors who meet the new IRS requirements and are authorized by the College. A complete list of authorized vendors may be obtained from Human Resources.

**Eligible employees who wish to establish a voluntary 403(b) account should select and contact an authorized provider.** Once an account has been established, employees sign a Salary Reduction Agreement and forward the agreement to the Payroll Department. Changes in the amount of the Salary Reduction Agreement may be processed by submitting a new agreement indicating the changes desired.

**Basic Annual Limit:** \$16,500

**Service-Based "Catch-up":** \$19,500 (an additional \$3,000 per year; must have 15 or more years with FCCJ)

**Age-Based Additional Amount:** 50 or older by December 31: \$21,500 (additional \$5,000)

### **Mandatory 403(b) Terminal Leave Plan**

The TIAA-CREF Terminal Leave Plan is an Internal Revenue Code Section 403(b) qualified retirement plan that permits retiring College employees to take maximum advantage of Federal tax laws by deferring Federal withholding taxes and permanently avoiding Social Security and Medicare taxes on eligible accumulated sick and annual leave payments. The maximum Plan contribution limit is calculated each year. All Plan contributions are 100% vested when deposited.

The 403(b) Terminal Leave Plan is:

- 1) Mandatory for employees who separate from the College and are due at least \$7,000 in terminal "payout" for their unused sick and annual leave from Florida Community College at Jacksonville; and
- 2) Mandatory for employees upon their entry into the Deferred Retirement Option Program, or DROP.

For College employees who are not eligible for the Florida Retirement System Deferred Retirement Option Program (DROP) and who wish to gain additional federal income tax benefits for monies over the IRS annual limit, they may submit an irrevocable letter of separation to the District Board. The irrevocable letter of separation must be accepted by the Board in the Plan Year preceding the employee's separation from the College.

**For the mandatory 403(b) Terminal Leave Plan, eligible employees will be contacted by either the Payroll Department or the Human Resources Department regarding enrollment procedures.**



## **TAX ADVANTAGED PLANS (cont.)**

Effective January 1, 2009

### **Voluntary 457(b) Deferred Compensation Plan**

This is a non-qualified deferred compensation plan that works much like the 403(b) accounts. All employees may elect to participate in the plan and contribute up to 100% of their includible salary up to an annual maximum amount of \$16,500. Please note that 457(b) contributions do not reduce the FICA taxes (Social Security & Medicare). Contact Human Resources for enrollment materials.

**Eligible employees who wish to establish a voluntary 457(b) account should select and contact an authorized provider.** Once an account has been established, employees sign a Salary Reduction Agreement and forward the agreement to the Payroll Department. Changes in the amount of the Salary Reduction Agreement may be processed by submitting a new agreement indicating the changes desired.

**Basic Annual Limit:** \$16,500

**“Catch-up” Provisions:** Unlike 403(b) accounts, “catch-up” provisions are only allowed during the final three (3) full calendar years of service prior to the year of retirement.