



SECTION 125

Employee Benefit Plan



**American Fidelity
Assurance Company**

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What is a Section 125 Plan?

*A Section 125 Plan allows you to deduct needed benefits from gross earnings **before taxes are computed.***

*Your premiums can be paid for before taxes, and your taxable income can be **REDUCED!***



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Supplemental Benefits Can Include*

- *Disability*
 - *Medical*
 - *Dental & Vision*
 - *Life*
- *Cancer*
 - *Accident*
 - *Hospital Indemnity*
- *Unreimbursed Medical*
 - *Dependent Care*

*Check with your employer for more details about what is available in your district. Certain restrictions apply for disability and life coverage when placed under a cafeteria plan. Certain life policies are not eligible Section 125 plan benefits.





How Do I Enroll?

- *To participate, you will have to enroll each plan year.*
- *You must re-enroll every plan year, by signing a new election form.*

Your American Fidelity Account Representative can assist you with your enrollment.



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Once I elect, can I change my election?

Yes, *but only* if you experience a *qualified event, such as:*

- *Change in legal marital status*
- *Change in number of dependents*
- *Termination or commencement of employment*
- *Dependent satisfies or ceases to satisfy dependent eligibility requirements*

Remember-when you experience a qualified status change, you must notify your bookkeeper. If American Fidelity is the record keeper of your unreimbursed medical account, no election changes are allowed except termination of employment.



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What is an “Expense Reimbursement Account”?

It’s a type of “savings” account for certain types of out-of-pocket expenses, again with PRE-tax dollars.

There are two types:

- Unreimbursed Medical Accounts*
- Dependent Daycare Accounts*



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What is a “Unreimbursed Medical Account”?

*Reimbursement program for
qualified **out-of-pocket medical
expenses.***





What is a “Qualified Medical Expense”?

- *Deductibles*
- *Co-pays*
- *Vision Care*
- *Dental Care*
- *Routine Physicals*
- *Contacts, Eyeglasses & Contact Solution*
- *Prescription & eligible over-the-counter drugs*
- *Stop Smoking Treatment & Prescriptions*
- *Orthodontia Treatment*
- *And much more**





Use It Or Lose It!

Remember – what money you don't use during the period of coverage, you will lose and it will revert to your employer.





What is a "Dependent Care Account"?

A day care reimbursement program for your qualifying child under age 13, your spouse or any other "qualifying dependent" who is incapable of self-care, who shares your residence for more than half of the tax year.*

The care must be necessary to allow you to work or if you are married, your spouse to work, look for work, go to school full-time or who is incapable of self-care.

**"qualifying child" and "qualifying relative" as defined in Code Section 152. Consult with your tax advisor to determine if your tax savings will be greater using the dependent care account or the tax credit on your federal tax return.*





What is a “Dependent Care Account”?

Your minimum contribution for Dependent Care is set by the district, and your maximum per calendar year is \$5,000 if married and filing jointly or \$2,500 if filing separately.

Consult with your tax advisor to determine if your tax savings will be greater using the dependent care account or the tax credit on your federal tax return.





American Fidelity is here to help!

*Your American Fidelity Account
Manager can be on site to assist you
during your enrollment.*



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Thank You!

*Thank you for learning how you can **maximize your salary** by participating in the Section 125 plan.*

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[*Click here for complete list of Qualified Medical Expenses](#)

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