



# 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.*





# 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.*







# 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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