

SISC FLEX PLAN
Information for Payroll/Human Resources Staff
2016 Plan Year

1. Effective Date

Your employer's Board Resolution determines the effective date of the plan. The effective date must be on the first day of a calendar month. Contribution deductions should begin the month the plan is effective (e.g. If effective date is January 1, 2016 the deductions would begin on the first paycheck with an issue date of January 1, 2016 or later.)

The SISC Flex Plan operates on a calendar year basis, January 1 through December 31. If the effective date is other than January 1, the initial term shall be a period shorter than a full twelve month plan year, commencing on the effective date and ending December 31 of the same calendar year. Also, if the plan begins on a date other than January 1, the contributions to the plan must be appropriately prorated according to the number of months remaining in the year.

2. Forms – Please forward all completed/processed forms to the SISC Flex office by the last working day of November for open enrollment. For new employers participating in the plan, Health Care/Dependent Care forms must be received by SISC Flex office 21 days prior to their effective start date.

A. Premium Only Plan (POP) Enrollment Forms

(A POP form is only needed if an employer requires an employee to pay all or part of their group medical, dental, or vision premiums. Only the initial POP enrollment form is required, continuous participation in the POP account is automatic for future years.)

B. Health and Dependent Care Expense Account Enrollment Forms

(To participate in the Health Care/ Dependent Care Expense Account an employee must complete an annual enrollment form.)

All permanent active employees of a qualified employer are eligible for participation in the SISC Flex Plan.

The maximum amount that can be contributed each year to the Health Care Expense Account is \$2,550 per employee. The maximum amount for the Dependent Care Expense Account is \$5,000 per family. (married filing jointly) The participants salary or wages may be reduced by an amount not be less than \$120 per year. If the plan year is less than twelve months, the maximum contributions to the plan must be appropriately prorated according to the number of months remaining in the year. Example: If the effective date is July 1, 2015 there are six calendar months left in the plan year. The maximum Health Care Expense Account contribution could be \$1,275, and the maximum Dependent Care Expense Account contribution could be \$2,500.

C. Claim Forms (Please download forms and instructions from the SISC Flex website, <http://sisc.kern.org/flex>)To receive reimbursement for Dependent Care and Health Care expenses, participants must submit completed claim forms along with supporting documentation to SISC Flex no later than March 31st in order to be considered filed during the run-out period. There is a grace period of 2 ½ months following the plan year-end (March 15th) to incur Health Care expenses. Participants are encouraged to submit expenses well before the deadline, so that any issues can be resolved before the March 31st deadline. Approved claims will typically be paid within ten (10) working days.

Additional information and forms can be found on our web page at <http://sisc.kern.org/flex> . Additional information includes:

- Calculation worksheet to estimate annual expenses
- Claim documentation requirements
- Claim forms
- Example of possible savings for employees
- Listing of eligible expenses
- SISC Flex card

Payroll Coding

- A. Create or establish method of payment (e.g. voluntary deduction) You may need to contact your county office for more information. Flex account funds are maintained separately within the SISC Flex Plan. Please set up separate deductions for each account.
- B. Enter contribution/deduction amounts for each employee on a **pre-tax basis**. (The only exception to this is if a participant elected to have their POP deductions on an after-tax basis.)
- C. Dependent Care Expense Account deductions must be reported in box 10 on employee's W-2.

4. Monthly Reporting

On approximately the 5th of each month, the SISC Flex staff will send a contribution billing report to the employer listing all current plan participants, and their monthly election amount. Please review the information extra closely and **contact the SISC Flex office immediately regarding changes or corrections**. All changes must be supported with appropriate enrollment or change forms. SISC Flex shall have no responsibility with regard to benefits paid in error due to qualified employers failure to timely update such information.

The POP premiums are a portion of your regular SISC Health premiums, so please continue to forward them to the SISC Health Benefits program as usual. The only difference is that the employee portion of the premium will now be coded as pre-tax.

The employer shall promptly forward all SISC Flex Health and Dependent Care employee contributions to the SISC Flex office. Funds must be posted by SISC Flex prior to a reimbursement being sent to employees for the Dependent Care Expense Accounts. Please mail contributions with the contribution billing report to the following:

SISC Flex
P.O. Box 1808
Bakersfield, CA 93303-1808

5. Changing Elections

SISC Flex Plan elections may only be modified if a participant has a qualifying change in status. Change forms should be submitted prior to effective date. ***Change forms must be received, processed, and approved by the SISC Flex office before the change becomes effective.***

With respect to the Health Care/Dependent Care Expense Account a participant may revoke or amend participation in the plan during a plan year on account of and consistent with a change in status. A change must be consistent with the applicable event. A qualifying event is defined as one of the following:

- Change in legal marital status, including marriage, divorce, death of spouse, legal separation, or annulment. Change in number of dependents under Code Section 152, including birth, adoption, placement for adoption, or death.
- Change in the employment status of the participant, including (a) termination or commencement of employment, (b) commencement of or return from an unpaid leave of absence, (c) change in employment status that results in the participant, spouse, or dependent child becoming or ceasing to be eligible under the individual's plan (such as switching from part-time to full-time [or from full-time to part-time] employment status.)
- Dependent child satisfies or ceases to satisfy dependent eligibility requirements, e.g., attainment of age, student status or any similar circumstances as provided under the Health Benefit Plan.
- A change in dependent care provider or rates.

Please refer to the SISC Flex brochure and your employer's copy of the Plan Document for additional information.

CALL THE SISC FLEX OFFICE AT (661) 636-4416 IF YOU HAVE ANY QUESTIONS