

The District will provide, at District expense, medical and dental insurance benefits under the District's group insurance plans for all full-time employees, as hereinafter defined, and their dependents that are eligible for coverage under the terms of such plans. "Full-time employee," as used herein, shall include all employees who normally work not less than thirty-six (36) hours per week.

The District will provide, at District expense, such medical and dental insurance for all regular part-time employees as hereinafter defined. The District will make such coverage available, at the employee's election and expense, to all dependents of regular part-time employees. The premium cost for such coverage of dependents of part-time employees for whom coverage is elected shall be deducted from the employee's monthly pay, and no state or federal income tax shall be withheld from such deducted portion of the employee's pay, nor shall Social Security or Medicare tax be withheld or paid thereon, to the extent and in accordance with Section 25 of the U.S. Internal Revenue Code. "Regular part-time employees" shall include all employees who normally work not less than twenty (20) hours per week but less than thirty-six (36) hours per week.

## **INTRODUCTION**

Effective September 1, 1990, St. Maries Joint School District No. 41, St. Maries, Idaho, established the District's Flexible Benefits Plan for eligible employees.

## **WHY SHOULD I PARTICIPATE?**

The following factors may affect an employee's decision about whether to participate in the Plan. Employees should read them carefully as they can help employees make an informed choice:

1. Once an employee has elected to enroll in the Plan and pay the cost of the insurance premiums with pre-tax dollars, the employee cannot change his or her election until the next anniversary of the Plan, (first day of the Plan year). However, the employee can make a re-election if the employee has a change in family status, such as a marriage, divorce, death of spouse or child, birth or adoption of a child, and certain other specific situations. For more details on changes, employees should refer to the formal Plan document.
2. The deductions from an employee's compensation are exempt from federal and state income taxes. They are also exempt from Social Security (FICA) tax. However, an employee's Social Security retirement benefit might be reduced since the employee and the District will both be paying less into Social Security on the employee's behalf. Employees must decide which benefit is more important to them.

Employees should take time to check their personal tax situation to compare the net result on their disposable income using the tax credit versus the tax effect of participating in the Flexible Benefits Plan.

**WHEN COVERAGE ENDS**

1. An employee's Plan coverage ends when the first of the following events occurs:
2. The day the employee is no longer an eligible employee;
3. The first day of the Plan year following the employee's election not to participate in the Plan;
4. The day the employee's employment with the District ends; or
5. The day the Plan ends.

**AMENDMENTS AND TERMINATION**

The District intends to continue this Plan indefinitely but reserves the right to modify, amend, or terminate the Plan at any time subject to any terms or procedures of any state or federal law. The Plan is maintained for the exclusive benefit of the employees. The Plan Administrator has the authority to construe and interpret the Plan and decide all questions of eligibility therein.

**ADDITIONAL RIGHTS UNDER ERISA AND COBRA**

Both ERISA (the Employee Retirement Income Security Act) and COBRA (a federal continuation of benefits regulation) may be applicable to and affect these plans. For details, employees should reference the formal Plan document.

The Plan enables employees to pay, with pre-tax dollars, their share of the group medical and dental premiums, as provided by Section 125 of the U.S. Internal Revenue Code.

Participation in the Plan or submission of a request to participate in the Plan does not give an employee any new or increased rights or benefits as an insured under any insurance policy. This is simply a method of saving taxes on health care insurance costs. Employees must independently and properly enroll or qualify in each group insurance program. This is a Summary Plan Description of an employee's benefits. The formal Plan documents are available upon request.

If employees have specific questions, they should consult the District Office, or the actual Plan document which is available at the District Office. In case of any conflict between the Plan and the Summary Plan Description, the Plan document will govern.

## **PARTICIPATION**

If employees are eligible, they may become a participant on the later of the effective date of the Plan or the first day their coverage begins under the premium Plans, by submitting an Election/Enrollment form to the Plan Administrator within thirty (30) days of employment. Participation is entirely voluntary. Once an employee has become eligible to participate in the Plan, they will continue to be eligible as long as they are an eligible employee as described below.

## **ELIGIBILITY**

All full-time employees of the District as defined earlier herein, will be eligible for medical and dental insurance at District expense, together with their dependents, subject to the eligibility requirements of the District's present or future group insurance plans.

All regular part-time employees, as defined earlier herein, but not their dependents, will be eligible for such insurance at District expense. Dependents of regular part-time employees who are eligible for coverage under the District's group plans may be covered at the expense of the employee. The regular part-time employee will be eligible to obtain such dependent's coverage through participation in the Flexible Benefits Plan, provided they so elect by signing and filing the Salary Reduction Authorization on or before the date prescribed by the Plan Administrator.

## **CONTRIBUTIONS TO THE PLAN**

An employee's contributions to the Plan will be made through payroll deductions from their paycheck in the amount of the cost of the coverage they have elected as indicated by the Salary Reduction Authorization form which they have signed and filed with the Plan Administrator.

## **REQUIRED LEGAL INFORMATION**

Under the Employee Retirement Income Security Act (ERISA) of 1974, each employee is to be provided with certain details about benefits plans. This information follows. If an

employee needs additional information, they should contact the Plan Administrator or the local U.S. Department of Labor Office.

**NAME OF PLAN:**

St. Maries Joint School District No. 41 Flexible Benefit Plan

**EMPLOYER:**

St. Maries Joint School District No. 41  
P.O. Box 384  
St. Maries, ID 83861  
(208) 245-2579

**EMPLOYER IDENTIFICATION NUMBER:**

82-6000612

**PLAN NUMBER:**

**PLAN YEAR:**

August 1, 20\_\_\_\_ to July 31, 20\_\_\_\_\_.

**TYPE OF PLAN:**

Cafeteria (Medical & Dental Insurance only)

**PLAN ADMINISTRATOR:**

School District Clerk

**AGENT FOR SERVICE OF LEGAL PROCESS:**

Legal Process may be served at:

Clerk of the District  
720 Main Avenue  
St. Maries, ID 83861

**Policy Cross Reference:**

**Legal Reference:**

**Policy History:**

Adopted: 07/09/1990  
Amended: 06/29/1994