DATE: October 2015

TO: Shasta College Permanent Employees

FROM: Laura Cyphers Benson, Associate Vice President of Human Resources

SUBJECT: Section 125 Benefit Enrollment (Pretax Medical, Dependent Day Care and Medical Flexible Spending Accounts) and Voluntary Benefit Enrollment (including Short and Long-Term Disability, Cancer, Accident and Life Insurance)

**IMPORTANT:** Section 125 Benefit Enrollment (Pretax Medical, Dependent Day Care and Medical Flexible Spending Accounts), and Voluntary Benefit Enrollment including Short and Long Term Disability, Cancer, Accident and Life Insurance

As part of our total benefit package, a Section 125 benefit program is available to all Shasta College benefit eligible employees. **Effective January 1, 2016 the College is changing Section 125 Administrative services to American Fidelity.**

Section 125 allows you the opportunity to save money and increase take home pay. Most of you pay a portion of the cost to participate in medical, dental and vision plans. A Section 125 plan allows employees to pay for their portion of medical premiums on a “tax-exempt” basis thereby reducing gross taxable income and potentially increasing take home pay. The Section 125 Benefit Plan can also mean significant tax savings to you if you have unavoidable “out of pocket” costs for you and your family such as dependent day care, medical and dental expenses, deductibles, co-payments, chiropractic care, additional eye classes, contact lenses, laser eye surgery, or orthodontia expenses to name a few that are not covered by insurance or employer contribution. The cost saving advantage of the plan is simple. Any benefit costs or allowable insurance premiums paid for under the Section 125 benefit plan are paid for with pre-tax dollars.

You will now have the ability to enroll in Section 125 and voluntary benefits online with our new Section 125 provider. American Fidelity Representatives will be available to walk all benefit eligible employees through the online enrollment process step-by-step and answer questions. This online enrollment process will help streamline the Section 125 Benefit open enrollment, providing you with information and efficiency as you make your benefit elections each year.

**IMPORTANT:** Here are a few question and answers to further explain why you have received this information and what is required of you:
Q: How does this information affect you?

A: *This information affects every Shasta College benefit eligible employee*: Section 125 is an IRS sponsored program. Due to IRS rules and regulations it is important that all employees be counseled on the program and educated about Section 125 benefits. American Fidelity will provide you with Section 125 plan options to take advantage of all possible opportunities to save money and taxes. For compliance reasons, a new Section 125 Benefit authorization must be obtained from every benefit eligible employee currently paying a portion of their health benefit pretax. *Thus, all benefit eligible employees must authorize pretax election with our new provider. Failure to do so will result in your medical premium being after tax beginning with your January 2016 paycheck.*

Q: When will individual meetings be scheduled at your campus/department with American Fidelity?

A: *An American Fidelity Representative will be on campus October 26th-November 13th*. You must schedule your appointment to meet with American Fidelity online at https://benefits.americanfidelity.com/scheduler/Shasta-college or call American Fidelity at (800) 365-8306 x 0.

Q: What will be covered during the meeting with American Fidelity?

A. *First, American Fidelity will review available Section 125 plan options being offered to you using the new online enrollment system allowing you to authorize your Section 125 pretax benefit election*. You will also be educated on voluntary Section 125 Flexible Spending Account (FSA) options available, and Day Care Account to cover other “out of pocket” medical, dental and vision expenses or day care expenses that may help reduce your gross taxable income. All Employees must meet with an American Fidelity Representative to sign up for Section 125 FSA. During the meeting, you will have the opportunity to receive more information from American Fidelity on voluntary benefit options that may be important to you and your family such as disability insurance, life insurance, Critical Illness, Cancer and Accident Insurance. There will no longer be new enrollments into Trustmark or Unum plans. *Shasta College will also discontinue payroll deduction for Trustmark plans, Unum Short and Long-Disability plans, and Wageworks products with the last regular payroll of the year December 18, 2015. If you wish to continue with your Trustmark or Unum policies you will need to make arrangements with them directly. If you do not make arrangements with them directly, your policies will automatically expire on December 31, 2015.*

American Fidelity will be on campus to give an overview of Section 125 Benefit program, optional voluntary benefits and answer questions at the Shasta Campus Theatre on Tuesday, October 20th at 3:00pm and Wednesday, October 21st at 8:30am.

For any questions, please do not hesitate to contact Jamie Spielmann, Lead Human Resources Specialist, at (530) 242-7641 or by email at jspielmann@shastacollege.edu.