Flexible Benefit Plan (Cafeteria Plan)  
BU-PP 420

Policy:
Baylor provides a Flexible Benefit Plan that allows health-related insurance premiums and other allowable expenses to be deducted from the employee's pay before Federal income tax withholding and Social Security taxes are calculated and deducted. The result is that taxable income is reduced by the amount of such premium payments and other allowable expenses. This type of plan is allowed under Section 125 of the Internal Revenue Code of 1954, as amended.

Topics:
Flexible Spending Accounts  
Enrollment/Qualifying Event  
Salary Redirection Agreement

Related policies:
BU-PP 410 – Group Insurance – General  
BU-PP 413 -- Medical Insurance  
BU-PP 414 – Dental Plans

Additional information:
Health related insurance premiums allowed on a pre-tax basis include medical and dental plans and cancer/catastrophic/-intensive care protection plans. Voluntary Accident (AD&D) and AFLAC accident policy is pre-tax.
Life or dependent life insurance, long-term disability insurance, long-term care insurance or accident insurance does not qualify for pre-tax premium payment.

Contact:
Compensation & Benefits Department (x2218)  
Or download from Compensation & Benefits

Flexible Spending Accounts—
Provides eligible employees an opportunity to exempt from Federal Income tax withholding and Social Security taxes those eligible expenses known as Dependent Care Expenses and unreimbursed Medical Care Expenses.

Enrollment/Qualifying Event—

<table>
<thead>
<tr>
<th>Initial enrollment</th>
<th>The employee has 30 days from time of employment to enroll.</th>
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<tr>
<td>Open enrollment</td>
<td>Open enrollment occurs near the end of each calendar year (dates will be announced). Coverage becomes effective January 1 of the following year.</td>
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| Qualifying event*  | Employee may change enrollment status within 30 days of any of the following events:  
• Marriage or divorce  
• Childbirth or adoption  
• Death of spouse or child  
• Change of employment of spouse  
• Additional changes also apply; for a supplemental list please contact the Compensation and Benefits Office (Ext. 2218) |

* Qualifying event regulations are stipulated by Internal Revenue Code 125.
Salary Redirection Agreement—
A form used to enroll in the Flexible Benefit Plan. This form may be found by clicking:
Salary Redirection Agreement