



CHRISTIAN SCHOOLS
INTERNATIONAL

CSI Flexible Benefits Plan

UPDATE

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To: Schools and Employees Eligible to Participate in the Flexible Benefits Plan

From: Brian C. Meekhof
Benefits Administrator

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New Claims Administrator

Beginning September 1, 2005, we will be changing claims administrators for the CSI Flexible Benefits Plan. We will be partnering with Arcadia Benefits Group and working again with Pam and Jennifer who have serviced our schools and participants in the past. They have always done an excellent job and we look forward to working with them again. Contact information will be sent to you in August.

Change in Monthly Fee

Beginning September 1, the monthly fee per employee using the Health Flexible Spending Account (FSA) and/or the Dependent Care FSA will change to \$4.75 from \$4.50. We are continuing our policy of no charges for participants using only the premium account. The minimum monthly charge remains at \$25. Because contributions to the flex plan reduce taxable income, a reduction in payroll taxes will offset some or all of the administrative fees.

The CSI Flexible Benefits Plan – Average Savings of over \$450

The CSI Flexible Benefits Plan can assist with your health care expenses. By setting aside pre-tax dollars to pay for eligible expenses, our participants are saving an average of over \$450 in taxes this year. You have the option of using the premium account, medical reimbursement account, or the dependent care account to pay for eligible expenses.

Using the FSA with HSA Plans

A Section 125 plan like the CSI Flexible Benefits Plan can be used to pay for premiums on a pre-tax basis for all of CSI's health plans, including the High Deductible Health Plan used with a Health Savings Account (HSA). The CSI Flexible Benefits Plan may also be used to pay dependent care expenses on a pre-tax basis.

The Health FSA may be used for expenses *not reimbursed* through another plan. For the High Deductible Health Plan with the HSA component, however, reimbursement is limited to dental and vision expenses. **There is a significant change here for participants in the High Deductible Health Plan with an HSA: even if the expense**

applies to the deductible, unless it is a dental or vision expense, is not eligible for reimbursement from the Health FSA.

You will now see two Health FSA options on the Flexible Benefits Plan Enrollment Form:

- *General-Purpose Health FSA Option* (the traditional Health FSA for individuals NOT covered under a High Deductible Health Plan with an HSA). You can be reimbursed for any qualifying health care expense not covered by your health plan.
- *Limited-Purpose Health FSA Option* (for individuals who are covered under a high deductible health plan with an HSA). According to federal HSA regulations, you and/or your employer will not be able to make pre-tax contributions to your HSA if you participate in the General-Purpose Health FSA Option. You may, however, participate in a Limited-Purpose Health FSA that reimburses dental and vision expenses only. This allows you to save money in your HSA for other medical expenses and use your Health FSA funds for dental and vision expenses.

The CSI Flexible Benefits Plan may also be used for pre-tax employee contributions to the Health Savings Account associated with a High Deductible Health Plan. Even if your school is contributing funds to your HSA, you are permitted to contribute additional amounts up to the amount of the deductible using one of these two methods: you may contribute on a pre-tax basis through the CSI Flexible Benefits Plan, or contribute post-tax and claim the credit on your personal income tax.

Features of the Plan

The CSI Flexible Benefits Plan contains these attractive features:

1. **No Pre-Funding of Health Care FSA Claims:** Schools are not required to pre-fund health care FSA claims when you submit a claim for more than your account balance. As long as funds are available in the group account, your health care FSA claims will be paid up to your annual maximum immediately. Dependent care claims will continue to be paid to the extent that funds are available in your account.
2. **Fax Claims:** You may fax claims to Arcadia to reduce the time required to receive reimbursement.
3. **Direct Deposit:** You have the option of using direct deposit to have reimbursements deposited electronically into your bank account. The direct deposit feature is an optional service. If you are reimbursed by this timesaving direct deposit feature you will receive a deposit advice in lieu of a check.
4. **Claim Processing:** Claims are processed and payments are issued daily and Arcadia guarantees that all claims will be processed within 48 hours of receipt.
5. **Web Site:** A web site is available to access your account online to check claims, reimbursements, and account balances.
6. **Forms:** You are able to print claim forms from the web site.

Enrolling for the Plan Year Beginning September 1, 2005

Employees working half-time or more are eligible to participate in the CSI Flexible Benefits Plan. To enroll:

1. Carefully read the brochure to learn about the features of the Plan.
2. Complete a worksheet to assist with estimating predictable expenses.
3. Complete the enrollment form (if you wish to be reimbursed via direct deposit, complete the direct deposit authorization section on the enrollment form).
4. Submit the completed enrollment form to your school office. Each eligible employee must complete an enrollment form to either participate in the Plan or to decline participation. If you have questions, contact Sharon by phone at 800-635-8288, ext. 228 or by e-mail at sfeikema@CSIonline.org.