



**CHRISTIAN SCHOOLS
INTERNATIONAL**

CSI Flexible Benefits Plan

UPDATE

Date: May 9, 2008

To: Schools and Boards Participating
in the Flexible Benefits Plan

From: Brian C. Meekhof
Benefits Administrator

- Flexible Benefits Plan Changes
Effective September 1, 2008
- No Need to Report Premium Amounts
- Payroll Deductions
- Monthly Administration Fee Change
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Flexible Benefits Plan Changes Effective September 1, 2008

The Trustees have made changes to the CSI Flexible Benefit Plan in response to regulations that have been recently clarified by the Department of Labor. The changes also clarify that the Plan is made available by CSI and consists of separate participating employers. Each school becomes its own Plan Sponsor and Plan Administrator and CSI becomes the Claims Administrator.

No Need to Report Premium Amounts

Effective September 1, 2008, schools will no longer need to report premium amounts to CSI or Arcadia. The Plan has been changed to allow “negative enrollment” which means that any required medical/dental/vision plan premiums can automatically be taken on a pre-tax basis by the school. Participants must opt out (respond “negatively”) to refuse the pre-tax deduction for premium. Changes in premium amounts during the plan year can be made automatically by the school and no change forms need to be submitted.

Payroll Deductions

Currently, schools mail the payroll deductions for their participants to CSI each pay period. CSI maintains a claims account and reimbursements are paid from that account. Beginning September 1, 2008, each school can keep these funds in their own general assets. The school will be responsible for maintaining and funding a checking account that CSI’s claims administrator, Arcadia Benefits Group, will use to generate the Health or Dependent Care FSA reimbursements. This account can be a separate checking account or it can simply be the school general fund.

There are advantages and disadvantages to this change. An advantage is that you no longer need to mail payroll deductions to CSI. Your school will keep your own payroll deductions in your general assets and may earn interest on any excess funds. A disadvantage is that participants may claim their entire Health Care Spending Account at the beginning of the plan year if they have already incurred the expense. This means that some prefunding may be required if one of your participants incurs a large claim at the beginning of the plan year.

You will receive forms with your annual enrollment package that will allow Arcadia Benefits to set up your selected bank account on their claims payment system.

Monthly Administration Fee Change

The monthly administration fee for each participant will increase from \$4.50 to \$5.00. This applies only to those participating in the Healthcare Spending Account and/or the Dependent Care Spending Account. We are continuing our policy of no charge for participants using only the premium account. The minimum monthly charge will increase from \$25 to \$50.

Because contributions to the Flexible Benefits Plan reduce taxable income, a reduction in the school's payroll tax will offset some or all of the administrative fees. On average, schools in the CSI Flexible Benefits Plan are saving over \$2,700 this year in payroll taxes.

Annual Form 5500 Fee Change

The CSI Flexible Benefits Plan prepares Form 5500 for schools having 100 or more eligible employees. The annual fee for providing the form will increase from \$100 to \$200.

Appeal Process for Denied Claims

If a claim is denied, the participant has the right to appeal the denial. Currently, the CSI Flexible Benefits Plan makes the final judgment on whether regulations permit a claim to be reimbursed. Effective September 1 when the school is the Plan Sponsor/Plan Administrator, the school will make the final judgment in the case of an appeal. The CSI Flexible Benefits Plan can assist you with the interpretation of regulations in these cases.

CSI Contact Information

If you have questions about the CSI Flexible Benefits Plan, call Sharon at 800-635-8288 or 616-957-1070, extension 228.