

DOWNERS GROVE SANITARY DISTRICT

M E M O

TO: Employees Eligible to Participate in the
District's Flexible Compensation Plan

FROM: W. Clay Campbell, Administrative Supervisor

DATE: April 18, 2019

RE: Annual Enrollment - Flexible Benefits Plan

The annual enrollment for the District's Flexible Benefits Plan for the plan year of June 1, 2019 to May 31, 2020 shall be April 17 through May 17, 2019. The purpose of the Plan, as explained in the Summary Plan Description booklet, is to allow you to use a portion of your before-tax compensation from the District for various health care expenses and/or dependent care expenses. A Summary Plan Description (SPD) booklet dated June 1, 2019 is attached. The Plan Document from Mid-America, the District's third-party administrator for the Plan, will be made available to all employees through the District's Employee Portal on our website. **Please note that the District's Plan follows the Internal Revenue Service (IRS)'s threshold for the reimbursement of eligible medical expenses through the Plan. On June 1, 2019, this number will be increased from \$2,650 to \$2,700.** In the event the IRS adjusts this threshold additionally in the future, the District's Plan will mirror any changes.

PLEASE ACKNOWLEDGE YOUR RECEIPT OF THIS INFORMATION BY COMPLETING THE ONLINE ACKNOWLEDGEMENT PROCESS (YOU HAVE BEEN PROVIDED A SEPARATE SHEET OF PAPER EXPLAINING HOW TO DO THIS).

Employees are welcome to download and print out this packet at any time. I will print it out for specific employees upon request. If you do not complete the online acknowledgement process above, you must turn in the paper acknowledgement form (next page) to me by May 17, 2019.

You should read the Summary Plan Description Booklet carefully before you decide whether you want to participate in the Plan. **If you desire to participate in the Plan, the District now offers an online enrollment option for the upcoming Flex Plan Year. You are being provided with a separate sheet of paper that outlines instructions on how to access this option through the District's Employee Portal.** Click on the Employee Electronic Acknowledgement link available on the Employee Portal page and login with your credentials provided to you by the District. If you need any assistance with your network credentials, please see me.

In the event you wish to turn in a paper enrollment form, you must complete and return the enclosed Authorization form(s) to me by May 17, 2019. Please note that if you participated in the Plan for the plan year that ends on May 31, 2019, and desire to participate for the new plan year, you must complete a new Authorization form (online or paper).

If you have any questions about the plan, please contact me.

**PLEASE ACKNOWLEDGE YOUR RECEIPT OF THIS INFORMATION BY SIGNING
THIS ACKNOWLEDGEMENT FORM AND
RETURNING IT TO CLAY BY MAY 17, 2019.**

DOWNERS GROVE SANITARY DISTRICT
FLEXIBLE COMPENSATION PLAN

EMPLOYEE ACKNOWLEDGEMENT

I acknowledge that on _____, 2019, I received a copy of the Summary Plan Description booklet and enrollment materials for the Downers Grove Sanitary District Flexible Compensation Plan.

Printed Name

Employee Signature

Date

DOWNERS GROVE SANITARY DISTRICT
FLEXIBLE COMPENSATION PLAN

AUTHORIZATION FOR BEFORE-TAX CONTRIBUTIONS
 TO THE HEALTH CARE REIMBURSEMENT ACCOUNT AND/OR
 THE DEPENDENT CARE REIMBURSEMENT ACCOUNT FOR THE
 PLAN YEAR OF JUNE 1, 2019 THROUGH MAY 31, 2020

Participant's Name: _____ Social Security Number: _____
 (Please Print)

IMPORTANT NOTICE

This enrollment process is now offered online for employees. Please consider visiting the District's Employee Portal site first before completing this paper form. IF YOU ELECT TO ENROLL WITH A PAPER FORM (IN LIEU OF THE ONLINE OPTION), YOU MUST RETURN THIS AUTHORIZATION TO CLAY CAMPBELL ON OR BEFORE MAY 17, 2019. IF YOU DO NOT RETURN THIS AUTHORIZATION BY THAT DATE, GENERALLY, FOR THE PLAN YEAR OF JUNE 1, 2019 THROUGH MAY 31, 2020, YOU WILL NOT BE ELIGIBLE TO ENROLL IN THE FLEXIBLE SPENDING ACCOUNTS UNDER THE FLEXIBLE COMPENSATION PLAN (THE "PLAN").

Flexible Spending Accounts Enrollment

Check the appropriate item(s):

_____ Enroll me in the Health Care Reimbursement Account

_____ Enroll me in the Dependent Care Reimbursement Account

AUTHORIZATION

I authorize Downers Grove Sanitary District to deduct the following total before-tax amount(s) from my paychecks during the Plan Year of June 1, 2019 through May 31, 2020. The deductions will be made in equal amounts from my paycheck each pay period. These amounts will be deposited into my account(s) maintained by the Downers Grove Sanitary District. My Health Care Reimbursement Account will be used to reimburse me for eligible health care expenses incurred during the Plan Year of June 1, 2019 through May 31, 2020. My Dependent Care Reimbursement Account will be used to reimburse me for eligible dependent care expenses incurred during the Plan Year of June 1, 2019 through May 31, 2020.

	<u>Total Plan Year Amount</u>	<u>Per Pay Period</u>
Health Care Reimbursement Account: (Minimum \$130, Maximum \$2,700)	\$ _____	\$ _____
Dependent Care Reimbursement Account: (Minimum \$100, Maximum \$5,000; \$2,500 if married, filing separately)	\$ _____	\$ _____
Total	\$ _____	\$ _____

I have read the Summary Plan Description provided to me. I understand that the elections that I have made above will take effect no earlier than June 1, 2019 and will remain in effect from June 1, 2019 through May 31, 2020. The elections cannot be changed by me other than at the beginning of the Plan Year, except under certain circumstances as noted in the Summary Plan Description. I also understand that I cannot transfer money between my health care reimbursement account and my dependent care reimbursement account. Further, I understand that I will forfeit any money in my account(s) that I have not used during the Plan Year of June 1, 2019 through May 31, 2020 or during the grace period for the Plan Year which ends August 14, 2020.

Finally, I understand that because the elections I have made above are before-tax contributions, the amount(s) withheld will reduce my gross wages for purposes of calculation of any benefits for which I may be entitled under Social Security and the Illinois Municipal Retirement Fund.

I hereby agree to have the Downers Grove Sanitary District reduce my before-tax pay in the amount I have designated above.

Participant's Signature

Date: _____

Received by: _____

Date: _____

Maximize Your Tax Savings

The main benefit of a Flexible Spending Account (FSA) is the tax savings it offers. An FSA enables you to pay for out-of-pocket health or dependent care expenses with money you set aside before any taxes are taken out. Without an FSA, you would still pay for these expenses, but you would do so using money remaining in your paycheck after federal and state taxes, Social Security and Medicare are all withheld. Remember that your actual savings will depend on the number of dependents you have, your gross income and the amount of your contribution to the Flexible Spending Account.

Savings Example*	Amount Withheld From Each Paycheck (Hourly)	Annual Amount Put Into FSA	Annual Tax Savings
If you deposit this much:	\$ 12.50	\$ 337.50	\$ 93.15
If you deposit this much:	\$ 25.00	\$ 675.00	\$ 186.30
If you deposit this much:	\$ 51.92	\$ 1,350.00	\$ 372.60
If you deposit this much:	\$ 103.85	\$ 2,700.00	\$ 745.20

*This example is intended to demonstrate a typical tax savings based on 15% federal income tax, 4.95% state income tax and 7.65% FICA taxes (Social Security and Medicare) for a total tax rate of 27.60%. Actual savings will vary based on your individual tax situation. If your federal tax rate is higher than 15%, then your tax savings from utilizing an FSA would be even greater. Please consult a tax professional for more information on tax implications of an FSA.

NOTE: This is a “Use it or Lose it” benefit. IRS regulations require that any amounts deposited but not reimbursed to the employee for eligible expenses during the Plan Year shall be forfeited to the District at the end of the Plan Year, ultimately reducing the employee’s overall savings. Also, remember that all amounts deposited into an FSA are before-tax contributions and the amounts withheld will reduce the employee’s gross wages for purposes of calculation of any benefits for which the employee may be entitled under Social Security and the Illinois Municipal Retirement Fund.