

San Antonio Independent School District
PRE-TAX (Section 125 Cafeteria) PLAN (PTP)
Summary Plan Description
Effective December 1, 1989

INTRODUCTION

This Summary Plan Description summarizes the official IRS Section 125 Cafeteria Plan provisions. If you have any questions about the information presented herein, please call the Employee Benefits/Risk Management Department at 299-5526.

Eligibility

You are eligible to participate in the Plan as of your date of hire, at annual enrollment or as a result of a "qualifying event."

Premiums for Life and Health Care Coverage

You must designate the coverage you wish under the insurance plans before the beginning of the year in order to be able to use your pre-tax premium for those plans. However, if you become a participant during the year, you may enroll in the insurance plans on the date of participation.

Each year when you have the opportunity to enroll in these types of insurance, the Employer will inform you of the applicable premium rates. The amounts of insurance and types of coverage you elect will determine your total premium.

What premiums are eligible? Any Health, Dental, and Vision payroll deductions are eligible. SAISD group supplemental term life premium (not exceeding \$40,000 coverage) are also eligible for Pre-Tax deductions. See separate pre-tax, post-tax election for the disability income protection plan.

OTHER FACTS YOU SHOULD KNOW

What Happens If I Want To Stop Salary Reduction?

You may have your salary reduction stopped for any of the following reasons:

1. The Employer terminates the Plan.
2. The Government or IRS changes current legislation governing the plan.
3. You incur an unforeseen financial "emergency."
4. You terminate coverage in the insurance programs at the District.
5. At annual enrollment each plan year.

Plan Change

The Employer expects the Plan to be permanent, but since future conditions affecting the Employer cannot be anticipated or foreseen, the Employer must necessarily and does hereby reserve the right to amend, modify or terminate the Plan at any time. The employer may make any modifications or amendments to the Plan that are necessary or appropriate.

FICA Implications

Because you are enjoying the benefits of pre-tax savings, you will be paying less FICA for your future Social Security retirement. Your eventual benefit under Social Security may be reduced slightly at retirement if your salary or wage is below the Social Security earnings cap.

What if I have no eligible premiums now? You should consider saying “Yes” anyway, in case your eligible premiums change later during the year. The District may include other premium options in the pre-tax program later, or you may want to change or add coverage. Either of these events may give you eligible premium in the future, but you need to say “Yes” now.

The Federal Government has authorized this change; however you may wish to consult with your own tax advisor. There will be a reduction in the amount of money deposited into your social security fund, which means you may sustain a very minor reduction in social security benefits. If you are sheltering any applicable deductions by participating in your spouse's "Flexible Spending Account", check with your tax advisor about tax changes and limitations. For information on how this program affects your personal tax and social security status, consult your tax advisor.

Definitions and Terms

Read the following definitions to help you understand the PTP provisions:

Benefit Year means that health, dental, and vision insurance benefits begin on January 1st and end December 31st.

Covered Dependent means a legal or common law spouse who is living with the participant. A dependent child is primarily dependent upon the participant or the participant's spouse for support, is single and under age 25. Disabled children are covered regardless of age. Included as covered children are natural children, stepchildren, or other children to include grandchildren whom the participant has care, custody and control under court decree.

Employer means the San Antonio Independent School District (SAISD).

Plan Year means the contract term for health, dental, vision, life, and disability insurance premiums begins September 1st and end August 31st.

Salary means your annualized rate of pay, (not including any bonuses, fringe benefits or other special compensation), but salary does include tax-deferred deposits to the retirement plan.

SAISD Pre-Tax Benefit Example

Example of taxed deductions:	<i>Most Employees are on this:</i> Example of Pre-Taxed deductions: Cafeteria Plan
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Gross Pay	\$3,042.00	Gross Pay	\$3,042.00
-TRS	209.90	-TRS	209.90
-Taxes & FICA	981.32	-Insurance	168.75
-Insurance	168.75	-Taxes & FICA	922.85
Take home pay	1,682.03	Take home pay	\$1,740.50