

Larkspur-Corte Madera School District *Benefits Overview*



Contact Information

For more information, contact your American Fidelity Account Representative.

Northern California Branch Office
9355 E. Stockton Blvd., Suite 110
Elk Grove, CA 95624
1-800-365-8306 • 916-683-8306



Our Family, Dedicated To Yours.®

SECTION 125

NEW HIRE BENEFIT OVERVIEW

Welcome New Employees!

The Larkspur-Corte Madera School District benefit program includes the District's Section 125 Benefit Plan. This plan allows you, as a benefit-eligible employee, to pre-tax certain portions of your benefit plan.

This is an excellent opportunity for you to review your complete benefit plan to ensure it is on track with your expectations and individual needs. This is time invested in your future.

An enrollment form is attached for you to check areas of interest and return. You are asked to return the form even if you elect not to participate. This will insure that our District is in compliance with IRS regulations and that the program can continue for all employees. Please note that if you decide not to participate at this time, your decision will remain in effect until your District's next Section 125 plan year (or if you have a valid status change).

Sincerely,

Your American Fidelity Account Representative

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Section 125 Benefit Summary Plan Summary

There are 3 main areas of this IRS sponsored program designed to help reduce the amount of taxes you pay and improve your overall benefit plan.

1. Pre-tax Medical Insurance Premiums

If you pay for all or a portion of your medical, dental or vision insurance premiums through the District, you may pre-tax that amount, saving you approximately 25% on that money in taxes.

2. Unreimbursed Medical Expense Account & Dependent Day Care Account(s)

If you pay for dependent care or medical/dental/vision or other qualified medical expenses that are not covered by insurance, you may be able to establish a tax free account to pay for those expenses.

3. Improve Your Total Benefit Package

You may add certain insurance policies to improve your overall benefit package. Some premiums may be pre-taxed, saving even more dollars while improving your protection.

American Fidelity,
providing financial
security solutions
to educational
communities for
more than 50
years.

 **American Fidelity
Assurance Company**

Our Family, Dedicated to Yours™

Section 125 Plan

Your Section 125 Can Save You Money!

SAVE MONEY WITH SECTION 125!

If there was a program available that could dramatically save money on your taxes, would you take advantage of it? That's exactly what the Section 125 Plan does—reduces your taxes and increases your spendable income! Plus, the Plan is available to you at no cost* and you're already eligible, all you have to do is enroll.

The Plan works like this: You are allowed to deduct needed benefits from gross earnings before taxes are computed. This means that current after-tax expenses, such as insurance products and benefits, can now be paid for with pre-tax dollars.

The advantage of this Plan is simple: The eligible premiums you pay under the Plan are paid on a pre-tax basis. You could be on your way to increased savings, just by signing up and taking advantage of this Plan!

HOW CAN THIS PLAN HELP ME?

The sample paycheck below shows the benefits under the Section 125 Plan compared to benefits outside of the Plan. In this example, the employee gained \$70 more spendable income per month!

Employee Name: Doe, John Employee# 3839
Payment Date: 01/15/12
Social Security# 123-45-XXXX Period Begin Date: 01/01/12

Earning & Hours	Without Section 125	With Section 125
Monthly Salary	\$2,000	\$2,000
Medical Deductions	N/A	-\$250
Taxable Income	\$2,000	\$1,750
Taxes* (Fed, State & Local @ 20%)	-\$400	-\$350
Less Estimated FICA (7.65%)	-153	-133
Deductions (if not participant)	-250	N/A
Take Home Pay	\$1,197	\$1,267

WOW - THAT'S A SAVINGS OF \$70!

HOW TO ENROLL IN A SECTION 125 PLAN?

Simply complete an election form to enroll and take advantage of paying for eligible premiums on a pre-tax basis. You will be notified in advance when it's time to enroll. In most cases, you must re-enroll each year to continue your participation in the Section 125 Plan.

CAN I MAKE CHANGES TO MY ELECTION DURING THE PLAN YEAR?

While you can make changes to your election each year during annual enrollment, the only time regulations will allow you to make a change during the plan year is if you experience an allowable election change event. Some examples of an allowable election change event include:

- Change in legal married status
- Change in number of dependents
- Termination or commencement of employment
- Dependent satisfies or ceases to satisfy dependent eligibility requirements
- Change in residence or worksite that affects eligibility for coverage

These examples may not be all-inclusive. Please contact your employer for guidance with your specific situation. If you elect to participate in an Unreimbursed Medical Account (also known as Health FSA), election changes are limited, in most cases, to ceasing Plan participation because of termination of your employment.



*If you are subject to FICA taxes, there might be a reduction in your social security benefit due to the reduction of FICA contributions. Example is hypothetical for illustrative purposes only. Please consult your tax advisor for actual tax savings. *Where allowable by law.*

Dependent Day Care FSA and Unreimbursed Medical Accounts



Did you know you're eligible to direct a part of your pay, also on a pre-tax basis, into special accounts that can be used to reimburse yourself for Dependent Day Care FSA and/or Unreimbursed Medical Account expenses? As you incur an expense, you submit the appropriate claim paperwork to American Fidelity for reimbursement of your expense—yes, it's that easy!

Dependent Day Care FSA are used for reimbursement of eligible dependent day care expenses incurred to allow you (and your spouse) to continue working. You may allocate up to \$5,000 pre-tax per calendar year for reimbursement of dependent care services (\$2,500 if you are married and file a separate tax return).

Unreimbursed Medical Accounts (also known as Health FSAs) may be used to reimburse yourself for eligible medical expenses incurred for yourself, your spouse, your adult child(ren) who have not reached age 27 by the end of the tax year, and your eligible dependents. This could include anything from co-payments, medical deductibles, and prescriptions, as well as other medical expenses not reimbursed by another source. Your maximum amount allowed to contribute tax-free into this account as \$2,500 per 12 month calendar year. Please pro-rate for a Plan year of less than 12 months. And, remember the "Use or Lose" rule: Whatever money is not used will be lost at the end of the year, so be conservative when determining your annual election.

ELIGIBLE EXPENSE EXAMPLES INCLUDE:

Acupuncture	Insulin	Physical therapy provided by licensed therapist
Alcohol and drug rehabilitation	In vitro fertilization	Practical nurse
Anesthetist	Laser eye surgery	Psychiatrist
Artificial limbs and teeth	Midwife	Psychologist
Birth control pills	Optometrist	Stop-smoking program
Chiropractor	Orthodontia*	Transportation expenses relative to medical care based on IRS standard mileage allowance
Christian science practitioners	Outpatient care	Weight loss program for obesity***
Dental care	Over the counter drugs and medicines for treatment of a medical condition**	
Eye exam, eyeglasses, contact lenses, contact lens solutions and enzymes	Pediatrician	
Hearing aids and batteries		

EXAMPLES OF INELIGIBLE MEDICAL EXPENSES MAY INCLUDE, BUT ARE NOT LIMITED TO:

Bleaching / teeth whitening	Hair loss items	* Service must have been incurred or already paid
Capital expenditures	Insurance premiums	** Will require a medical practitioner's prescription
Cosmetic procedures	Marriage counseling	*** May need doctor's statement for medical necessity
Dancing or swimming lessons	Vacuum cleaners	

If you are interested in participating in either of these Flexible Spending Accounts (FSA), we can set up your account for direct deposit. You can either have your reimbursement directly deposited into your checking account or receive a check in the mail—the choice is up to you.

Please Note: If you do not file sufficient claims for reimbursement, you will lose the unused amount remaining in your account at the end of the plan year (or grace period, if applicable). This is often referred to as the "use-or-lose" rule. The balance of the unused amounts will be forfeited to your Employer.



DISABILITY INSURANCE

Disability causes nearly 50% of all mortgage foreclosures each year*. If you rely on your income, then you need Disability Income Insurance.

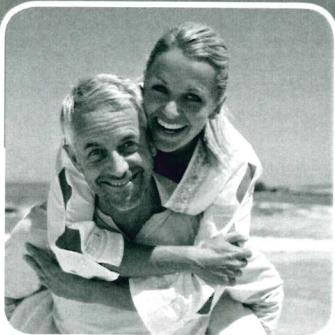
American Fidelity's Disability Income Insurance helps protect your income in the event of disability. If you are unable to work due to a covered injury or sickness, disability income insurance will pay you a monthly benefit until you are able to work to use however you'd like. Talk to your American Fidelity representative today to secure the proper coverage for you and your family.

BENEFIT FEATURES

- Several benefit plan options are available.
- Benefit payments may be directly deposited into your bank account.
- Benefits are payable year-round.

**Council for Disability Awareness, Worker Disability Planning & Preparedness Study, 2008. This product contains limitations, exclusions and waiting periods.*

SB-22397-0810



CANCER INSURANCE

If you are diagnosed with cancer, American Fidelity's Limited Benefit Cancer Insurance Plan may help you maintain your standard of living. Benefit payments can be used however you'd like, including house payments, utilities, and meals/lodging expenses.

A cancer policy can help provide comfort during your diagnosis and treatment by paying benefits directly to you. Plus, you and your family can concentrate on what matters most – your health.

BENEFIT FEATURES

- Portable – Take it with you when you leave employment.
- Guaranteed renewable for life as long as premiums are paid as required.
- Benefits for diagnostic screenings, treatment, facilities, transportation, and lodging.

This product contains limitations, exclusions and waiting periods. This product is inappropriate for people who are eligible for Medicaid coverage. The company reserves the right to change premiums by class.

SB-22398-0810



ANNUITIES

American Fidelity offers several annuity options to help you get on the road to retirement. Planning now can help you to be more prepared to meet your retirement goals.

Annuities can provide a guaranteed stream of income during retirement that you cannot outlive. Once you retire, you can choose to receive your payments on a monthly, quarterly or annual basis, or in one lump sum.

BENEFIT FEATURES

- Variable annuities offer the potential to receive a greater rate of return, in exchange for a higher degree of risk.
- Fixed annuities offer a lower risk, with a guaranteed return rate because the company bears the investment risk.

Not eligible under Section 125. See your American Fidelity Representative for more information.

SB-22574-0810



LIFE INSURANCE

A general rule is to buy life insurance coverage equal to eight to ten times your annual income*. Your school may provide a small amount of group life insurance. But, do you have a portable policy in place in case you left employment?

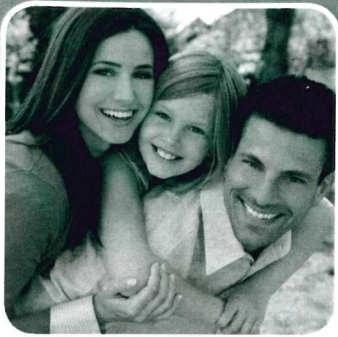
American Fidelity has several types of individual life insurance coverage to choose from, including permanent, term, and children's policies. Securing a life insurance policy may help provide peace of mind, knowing your family will be taken care of after you're gone.

BENEFIT FEATURES

- Portable – Take it with you after employment!
- Easy Application – Apply with minimal health questions and no medical tests.**
- Competitive Premiums – Non-nicotine rates available.

**Kiplinger's Personal Finance: Save Thousands on Insurance; February 2009. **Issuance of the policy may depend on the answer to these questions. This product may contain limitations, exclusions and waiting periods. Not eligible under Section 125.*

SB-22584-0810



PORTABLE LIFE INSURANCE

Your employer may provide you with group life insurance, but do you have permanent portable life insurance that you can take with you after employment?

Life insurance at retirement can be very costly. Secure your life insurance premium today with a permanent and portable plan!

BENEFIT FEATURES

- Minimal Cash Value – Premiums dedicated primarily to the purchase of life insurance.
- Limited right to partial refund of premium required to continue coverage increases (conditions apply).
- Portable when you leave employment or retire.

Policy Form: PRFNG-NI-10 / 12M118-C AF 1067 (expires 5/2014)

This policy has exclusions, limitations and terms under which the policy may be continued in force or discontinued. Not eligible under Section 125.

Underwritten by

TEXASLIFE INSURANCE COMPANY

SB-22583-0612



ACCIDENT ONLY INSURANCE

You never know when or where an accident may happen, but you can start helping to protect yourself and your family now against the rising medical costs associated with an accidental injury or death.

American Fidelity's Limited Benefit Accident Only Insurance Policy may help you with some of those rising costs.

BENEFIT FEATURES

- Benefits include: Accident Emergency Treatment Benefit, Medical Imaging Benefit, Inpatient Confinement Benefit, Ambulance Benefit, and more.
- Wellness benefit for one Covered Person's annual routine physical exam, including immunizations and preventive testing.¹
- Benefits regardless of other coverage.
- Benefit payments are made directly to you.
- Accident Benefit Enhancement Rider option enhances your policy by increasing selected benefit amounts and adding more benefits.

¹ The policy must be in force for 12 continuous months for the Wellness benefit to be payable.

SB-22396-0810

Larkspur-Corte Madera School District

SECTION 125 FLEXIBLE BENEFIT PLAN Interest Form For New Employees

Please mark the appropriate line &/or boxes and return to your Benefits department

_____ I WOULD LIKE MORE INFORMATION ABOUT PRE-TAXING MY BENEFITS UNDER THE SECTION 125 PLAN.

_____ I WOULD LIKE MORE INFORMATION ABOUT THE FOLLOWING VOLUNTARY PRODUCTS.

- ☐ Disability Income Insurance*
- ☐ Cancer Insurance*,+
- ☐ Annuities **
- ☐ Life Insurance *,**
- ☐ Permanent, Portable Life Insurance *,**,¹
- ☐ Accident Only Insurance*,+

_____ I WOULD LIKE MORE INFORMATION ON THE FOLLOWING REIMBURSEMENT ACCOUNTS AVAILABLE THROUGH SECTION 125:

- ☐ Medical Expense Reimbursement Maximum \$2,500/plan year
- ☐ Dependent Care Reimbursement Maximum \$5,000⁺⁺ /plan year

_____ I AM NOT INTERESTED IN PARTICIPATING IN THE SECTION 125 PLAN AT THIS TIME.

* These products may contain limitations, exclusions and waiting periods.

** Not eligible under Section 125.

+ This product is inappropriate for people who are eligible for Medicaid coverage.

¹ Underwritten by TX Life Insurance Company

⁺⁺Maximum \$2,500 if you are married and file a separate tax return.

I would like to be contacted by American Fidelity Assurance Company to learn more about American Fidelity's products and services. With my signature below, I understand that a representative will call me to schedule my appointment and/or discuss my benefit options.

Print Name

Signature*

Date

Work Phone

Home Phone

Job Location

Classified/Certificated/Mgmt

Date of Hire

*With my signature, I consent to being contacted, including by phone, regardless of my status on any Do-Not-Call list.

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SB-6493-1112



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