

Cafeteria Plan Administration Guide

Deduction Report

Post enrollment, you will receive a deduction report outlining each employee's election. This report will list the insurance product(s), premium amount and indicate café or non-café. Premium(s) listed as café will be pre-taxed under the plan. The report will also list any flexible spending elections (i.e. Dependent Care and/or Unreimbursed Medical).

Distributions of Deductions

You will continue to send all insurance premiums to the designated insurance carrier, as you have done in the past. After each payroll, you will submit your flexible spending deductions to SABC. You can submit a check made payable to Southern Administrators, or you can deposit the money directly into the bank account that was set up to accommodate your flexible spending funds. If you are submitting the funds directly into the account (contact us for set-up), you must notify SABC of the deposit and the amount deposited. The notification can be emailed to Laura Hardee at lhardee@sabcflex.com. The amount must balance with the deduction report. If the deposit differs from the original deduction report, or from the previous payroll, an explanation of the changes should accompany the deposit notification by completing a deposit report. This form can be found on the management portal or by clicking this link <https://www.sabcflex.com/content/deposit-report-2>

Status Changes

All elections made under the Cafeteria Plan are irrevocable; meaning insurance premiums, and/or flexible spending deductions, cannot change or be dropped during the plan year without a qualified status change. Events like marriage, divorce, birth, death of a spouse or dependent and/or change in spouse and/or dependent employment status can trigger an event. However, you must be careful, because the event does not necessarily mean that the change requested qualifies.

The change requested must be consistent with the event. For instance; if an employee gets a divorce, they would be allowed to drop their spouse from their insurance plan(s). However, if an employee had a baby, it would not allow her to drop her spouse from her insurance, because it is not consistent with the event. It is recommended that you contact our office to verify that the status change qualifies, before approving. Once verified, a status change form should be completed by the employee, signed by payroll and a copy submitted to SABC. You can login in the management portal and make the change in the employee record. It will ask for the status change information. You can also use this link www.sabcflex.com/sc.pdf.

Plan Document

You will receive a Plan Document. This document dictates your plan design and how your plan must operate, either because of federal regulations or because of plan design choices made by the plan administrator (employer). You should refer to this document for all questions regarding your plan, or contact SABC. It is important that this document is up to date. Should you make any changes that affect your plan, such as changes, additions or deletion of insurance products, please notify SABC, so that your document can be updated.

Summary Plan Description (SPD)

You will receive an SPD, which outlines your plan design. After the enrollment, a copy of the SPD should be sent to all employees. If you choose to put the SPD on your company website, you must notify each employee as to its location. In addition, you must offer a printed copy to any employee that request a copy or does not have access to the company website.

Unreimbursed Medical Spending Account Funding (URM)

Federal Regulations require that annual elections for URM participants be available to them at any time during the plan year. Therefore, as described to you during the plan set-up, the employer is required to front supplemental funds at the beginning of the plan year to ensure that URM claims can be paid, regardless of the participants' current balance. Your SABC representative will recommend a pre-funding amount based upon your participation.

SABC FlexCard (by Wex)

In addition to the funding described above, if you offer the FlexCard, additional funding in a separate bank account is required. To ensure that funds are always available when a participant uses the card, the bank requires that 6% of the annual elections for those with the card, be on deposit at all times. After the initial enrollment, you will be contacted by SABC with amount required to fund the 7%. Because 7% must on deposit at all times, each Monday morning we are required to replenish the account for any purchases that were made by cardholders. Funds will be utilized from the supplemental funds sent to SABC to fund manual claims.

Termination of Employment

Remember if a URM participant terminates, your plan may require that you deduct their remaining plan year election from their final paycheck. Check your plan document or contact SABC.