



## Policy 04:115 – Flexible Compensation Plan

Pursuant to Internal Revenue Code Sections 125 & 126, the University of Montevallo offers a flexible compensation program for eligible faculty and staff. The plan consists of the following provisions:

1. All contributions to health coverage premiums are deducted from faculty and staff pay on a pre-tax basis for Federal Income Tax and FICA tax purposes. Annual income will not be affected for the purpose of other benefits, i.e., Life Insurance, Disability Insurance, Alabama State Teachers' Retirement, and future salary increases.
2. Reimbursement of medical and/or dependent care expenses as authorized is deducted from faculty and staff pay on a pre-tax basis. Examples are: deductibles, coinsurance, amounts over maximum paid benefits, annual physical, and dependent care incurred to facilitate a faculty or staff member's ability to work.

The University's plan year is the calendar year. Any unused funds are forfeited. The employee assumes all responsibility for the expenditure of these funds and the University is not liable for any use thereof.

The Office of Human Resources is responsible for administering the University's Flexible Compensation Plan.

*Approved 1/84*

*Last Revised 03/08*