

(Included in the Consent Agenda for consideration of approval by the Board)

Flexible Spending Plan Document - Executive Summary

The purpose of a Flexible Spending Plan is to provide eligible employees with a tax-advantaged way to pay for qualified healthcare and/or dependent care expenses. The FSA Plan supports employee financial wellness while helping the District offer a competitive and compliant benefits package. This Plan is for anyone participating in the following:

- Premium Payment Plan (PPP) – this is for anyone who has to pay a portion of their health insurance premiums – any amount an employee pays for their portion of the health insurance premium is considered a pre-tax contribution.
- Health FSA – a Flexible Spending Arrangement that allows employees to set aside, out of their monthly paycheck, a certain amount of pre-tax funds that can be used for health care expenses.
- Dependent Care FSA – A Flexible Spending Arrangement that allows an employee to set aside, out of their monthly paycheck, a certain amount of pre-tax funds that can be used for dependent care.

Under the Plan, participating employees may elect to contribute a portion of their pre-tax earnings to one or more of the FSA options noted above, in accordance with Internal Revenue Service (IRS) regulations. These funds may then be used to reimburse eligible expenses incurred during the plan year, subject to applicable limits, substantiation requirements, and plan rules.

The FSA Plan is administered in compliance with federal regulations, including Section 125 of the Internal Revenue Code, and is intended to operate in a fiscally responsible and transparent manner. Key features of the Plan include eligibility requirements, contribution limits, allowable expenses, claims and reimbursement procedures, and provisions related to plan administration and oversight. The District contracts with Health Equity, Inc. (HEI), as our Third Party Administrator to administer the provisions of the Plan for those participating employees.

Flexible Spending Plans should be reviewed by legal counsel every five years to ensure the Plan is compliant with any legal/IRS changes that may have been implemented and to ensure that any Plan changes agreed to during Collective Bargaining had been incorporated. Ashland's Plan had not been reviewed for quite some time so we engaged the services of Haynes Benefits PC to review our document to ensure that it was still complying with all legal and IRS regulations. Upon completion of their review there were no substantial changes needed.

The FSA Plan reflects the District's commitment to supporting employees' health, family needs, and financial well-being, while ensuring regulatory compliance and sound financial management.

Administration recommends approval of the Flexible Benefits Plan Document as amended effective January 1, 2026.