

Memo

To: Vicksburg Community Schools Trustees
From: Stephen Goss, Assistant Superintendent
Date: January 13, 2025
Re: Resolution to amend Section 125 plan

Attached, please find a resolution to authorize the amendment of the District's Section 125 plan. As board members are likely already aware, Section 125 plans offer significant tax savings to employees for the following:

- **Employee Share of Medical Premiums:** The employee portion of medical premiums is excluded from federal and state income taxation, as well as Social Security and Medicare tax withholding.
- **Medical Flexible Spending Accounts ("FSAs"):** Employees may elect to withhold, on an annual basis, a portion of their pay to be used for eligible medical expenses. As with the employee share of medical premiums, these amounts are excluded from federal and state income taxes, as well as Social Security and Medicare taxes.
- **Dependent Childcare FSAs:** Similar to the above, employees may elect to withhold an amount of their pay to be used for eligible dependent childcare expenses. As with the above categories, amounts withheld are exempt from federal and state income taxes and Social Security and Medicare taxes.

The District has long maintained a Section 125 plan for the benefit of its employees, and plan amendments are routinely necessary in order to remain consistent with current regulatory requirements. In this case, it is appropriate to amend the plan to reflect a transition to a new third party administrator (TPA), Flex Administrators, Inc.

While we anticipate nominal savings in TPA fees, the primary goal of the transition is to provide a better customer service experience for district employees who elect to take advantage of one or both of the FSA offerings.

If you have any questions, please feel free to contact me.

Sincerely,



Steve Goss
Assistant Superintendent