Medical Reimbursement Plan

The United States congress created code Section 125 as part of the Revenue Act of 1978 to make benefits more affordable for employees. The Medical Reimbursement Plan is a result of that law. The plan is designed to allow an employee to set aside pre-taxed dollars to cover out-of-pocket medical expenses, not paid by group health insurance benefits that occur during the plan year. The employee elects to have a specific number of pre-tax dollars deducted from the paycheck each period. These dollars are contributed to a reimbursement account and subtracted from the gross earnings before taxes are taken out. The maximum annual election amount is $2,750. To comply with the IRS requirements, the employee may only make a change in elections at the beginning of each year. The plan is administered through Southern Administrators and Benefit Consultants, Inc.

Plan Administrator: Southern Administrators and Benefit Consultants, Inc.  www.sabcflex.com

Effective Date: January 1, 2021

Plan Year: January 1, 2021 - December 31, 2021 (grace period through March 15th of the following year)

Purpose: To set aside dollars to cover out-of-pocket medical expenses not paid by group health such as dental, vision, deductibles, and amounts in excess of usual, customary and reasonable charges. Vitamins, dietary supplements and cosmetic surgery are excluded from this plan.

- Paid with Un-Taxed Dollars
- This is equivalent to taking an itemized deduction on your Tax return – but realizing the tax benefit on your paycheck.

Annual Limit: $2,750 per year

Be Conservative, if you don’t use it, you lose it.