The Corinthian Plan
Together, providing health care for pastors and church workers

Section 125 Cafeteria Plan for Mennonite Church USA

Premium Expense, HSA Contributions, Dependent Care

The benefit of making contributions to your health savings account (HSA) through the Section 125 Cafeteria Plan is that your contributions are not subject to federal (as well as FICA) income taxes. However, health savings accounts are different than the Section 125 Cafeteria Plan reimbursement accounts and the rules governing them are also different.

The rules governing your HSA, including eligibility for establishing and contributing to an HSA, annual contribution limits, and taking distributions from an HSA are established by the Internal Revenue Service. For the HSA, the Section 125 Cafeteria Plan governs only how pretax contributions are made to your HSA. See your Health Savings Account Disclosure and Custodial Agreement for more details.

Please read this carefully. This is not meant to be a comprehensive description of how the Section 125 Cafeteria Plan works. See the summary plan description for the Section 125 Cafeteria Plan for more details. Call The Harrison Group if you have questions.

The Section 125 Cafeteria Plan allows you to save money on the following expenses:
- Pretax employee contributions to your health savings account.
- Work-related dependent care expenses through the dependent care reimbursement account.
- Premiums for employer-sponsored coverage (health, dental, or vision). This is automatic when you're paying a portion of premiums.

The Section 125 Cafeteria Plan is established under Section 125 of the Internal Revenue Code. It permits you to pay for certain expenses with pretax dollars. These expenses must be unreimbursed by any health plan or reimbursement programs.

Determining value for you

You can determine whether you will benefit from the Section 125 Cafeteria Plan by answering the following questions and reviewing the annual maximums allowed.

For employee health savings account (HSA) contributions
- Do you have health, dental, or vision expenses not reimbursed by a health plan or any other source? Your deductible is one example of such an expense. A list of expenses eligible for distribution from a health savings account is available in the Health savings accounts section of the Banking tab on the Everence website at everence.com.
- You can contribute money to an HSA for the expenses you expect to have during the year, or you can save money for future medical expenses – as long as you stay within the contribution limits.
- For 2025, the annual maximum contribution allowed is $4,300 if you have individual (self-only) health coverage, $8,550 if you have family health coverage. The maximum is the total of your employer and your contributions.
- If you are age 55 or older, you may contribute an additional $1,000 (called a catch-up contribution). If your spouse is also age 55 or older – and is otherwise eligible to contribute to an HSA, he or she may open a separate HSA and make catch-up contributions as well.

For dependent care (dependent care reimbursement account)
- Do you have a child under age 13 who lives with you and for whom you pay child care so you and your spouse can be employed or attend school full time?
- Do you have a dependent who lives with you, who is physically or mentally incapable of self-care, and for whom you pay dependent care?
- Maximum allowed is $5,000 for a single adult filing as head of household or couple filing jointly; $2,500 for couples filing separately.

Clarification on taxes

Paying for expenses on a pretax basis through the Section 125 Cafeteria Plan means that you are reducing your taxable income. You will pay less Social Security tax and also may be eligible for less Social Security benefits later.

For dependent care reimbursement accounts

Receiving reimbursements
When you want to access the funds in your dependent care reimbursement account, you simply complete a reimbursement request and attach any relevant receipts.

When you can access funds
You can take only as much money out of your dependent care reimbursement account as you have deposited in it.

Cautionary notes for dependent care
You must spend all the money in your account each year or you lose it. If you contribute $500 in a year and have qualifying dependent care expenses of only $450, you will lose the $50 you did not spend. You cannot keep it until the next year.

Because you cannot carry money over to the next year, you will want to estimate conservatively what your expenses will be. When estimating your dependent care, do not forget to allow for vacations or sick days when you wouldn't be paying for care.

Changing dependant care election
You may be able to change your dependent care election in the middle of a plan year if you have a qualifying event such as marriage or divorce, death of a spouse or dependent, birth or adoption of a child, change in your employment or your spouse's employment status. Specific rules apply as outlined in the summary plan description for the Section 125 Cafeteria Plan.

Regular reports
You will receive periodic reports on the balance in your account. In addition, all reimbursement checks will include the current balance of your account.

For health savings account contributions

Changing contributions
You can change or terminate employee contributions to your health savings account at any time. Any changes made will apply only to future paycheck withholdings.

Changing jobs

If you are moving from one church to another church who is eligible to participate in The Corinthian Plan, then your FlexChoice elections continue uninterrupted. You may continue to access your dependent care reimbursement account for expenses, and your new employer should continue to withhold the election amounts you had chosen previously.

If you are retiring or going to an employer who is not eligible to participate in The Corinthian Plan, your elections will terminate.

For dependent care, you may continue to submit reimbursement requests for care that occurred within the plan year.

For health savings account contributions, you may make contributions directly to your HSA if you meet eligibility requirements. (If you're retiring and enrolling in Medicare, you would not be eligible to make contributions.) The HSA is considered yours, and you may be charged a small administration fee as long as you keep the account open.

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