

KADES-MARGOLIS



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Section 125 Flexible Spending Account Proposal

Introduction

Kades-Margolis Corporation (KMC) and Security Benefit Group (SBG) are proposing to implement and administer a Section 125 Flexible Spending Account (FSA) Program for Medical and Dependent Care expenses for your district. Our goal is to maximize the tax savings for your district's employees *and* maximize the FICA savings for your school district while providing your employees with an efficiently administered Section 125 Flexible Spending Account Program.

Who we are

KMC is one of the largest school tax sheltered account marketers in Pennsylvania, exclusively endorsed by PSEA since 1974 and the Pennsylvania Association of Elementary School Principals (PAESP) since 2000. SBG is a 100 year old insurance company that administers Section 125 flexible spending plans for over 150 school districts across the country. The KMC/SBG program has the endorsement of PSEA and has been successfully implemented in a number of PA school districts (see References List).

What we provide

SBG will provide a Section 125 Plan Document for the district (enclosed). During the enrollment period KMC will make group presentations at an all-staff inservice meeting or at all of your district's locations about the Flexible Spending Account Program; will provide every employee with a Flexible Spending Account Program booklet (see sample enclosed) that contains a worksheet to help each employee estimate medical expenses; and, will meet with each of your employees, individually, to explain the Flexible Spending Account Program. During the plan year SBG will provide full administration of the Flexible Spending Account Program for the district.



Securities & Registered Investment Advisory Services offered through **GWN Securities Inc.**,
7121 Fairway Drive, Suite 202, Palm Beach Gardens, FL 33418
561-472-2700, Member NASD, SIPC

What the district has to do

The district needs to adopt the enclosed *Basic Plan Document* (or their own Plan Document), and execute the enclosed *Adoption Resolution* (or their own resolution), the *Adoption Agreement* and the *Administrative Service Agreement* with SBG. The district also needs to execute the *KMC Memorandum of Understanding* and complete the *District Checklist*. All of these documents must be submitted to KMC. Prior to the enrollment period, the district must provide a mandatory meeting setting (inservice meeting, faculty meetings, etc.) so that all employees have a chance to see the KMC 125 Flexible Spending Account PowerPoint presentation. During the enrollment period, the district also needs to facilitate and support the employee enrollments. During the plan year, the district needs to deduct the appropriate amounts from employees' paycheck and remit the funds to SBG.

Implementation and Administration Fees

There will be no implementation, administrative, or any other fees charged to the district or employees for this program for a minimum of three years. KMC/SBG will provide the enrollment and administration free of charge since we hope and expect to generate tax sheltered account business from your employees. At the end of each individual employee session, we briefly review the benefits of 403(b) TSAs and ask if the employee is interested in hearing more about the programs we have to offer.

Implementation Schedule

A district's Plan Year may begin on the first of any month. Depending on the size of the district, KMC/SBG will not be able to begin the enrollment process until 6-8 weeks after receiving the signed documents listed above. The enrollment period depends on the size of the district, usually taking about a month for every 500 eligible employees.

Any questions or for more information, contact:

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