



***Holston  
Conference  
of The  
United  
Methodist  
Church***

**Memo**

To: Holston Conference Churches and Clergy  
From: Clyde H. McDonald, Conference Treasurer  
Date: October 9, 2006  
Re: Section 125 Cafeteria Plan - 2007

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The Holston Conference of the United Methodist Church continues to endorse a Section 125 Cafeteria Plan administered through the American Family Life Assurance Company (AFLAC). This plan allows for all personal insurance premiums paid, health care expenses and dependent care expenses to be deducted from wages on a pre-tax basis. It will meet all IRS guidelines for our churches.

Representing AFLAC is The Crawford Agency, 1100 Marion Street, Suite 300, Knoxville, TN 37921. Mike Crawford will be available at some district meetings to review these plans and provide the necessary administration. You may wish to call him directly at 865-525-1251 or fax 865-541-6929.

Programs that will be offered by this Section 125 Plan for pre-tax deductions are as follows:

1. Premium conversion (medical insurance premiums)
2. Health care flexible spending expense reimbursement
3. Dependent care reimbursement
4. Cancer plans
5. Accident plans
6. Specified Health Event Protection Plan - NEW (available pre-tax)

If Pastors do not sign up during this open enrollment period, which ends in December, they cannot sign up until October 2007. If churches already have in place an approved Cafeteria Plan, there is no need to sign up for this program. Also note that churches may easily administer a pre-tax premium deduction agreement without the assistance of a third-party administrator. However, the other plans available through AFLAC are more complicated and the IRS requirements are complex.

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