

IMPORTANT NOTICE

on Benefit plan enrollment and your ability to make changes in existing coverage.

The employee benefit programs sponsored by **The Claremont Colleges** are administered in compliance with the rules and regulations established by the Internal Revenue Code (**IRC**) and insurance industry practice. In general, compliance with these rules gives groups like The Claremont Colleges tax advantages and favorable premium rates not available to individuals who purchase insurance on their own. For example, if The Claremont Colleges' programs are operated in compliance with IRC regulations, College payments for certain benefits are not taxable to employees; and purchasing benefits on a "group" basis will usually result in obtaining more coverage at less cost, without being subject to restrictions and limitations on coverage for pre-existing conditions.

ENROLLING FOR COVERAGE

You may enroll in a benefit program only when first eligible (at hire), or during a designated Open Enrollment period. You may add eligible dependents only when you first enroll, within 30 days of when the dependent first becomes eligible (e.g., as a result of your marriage, upon adoption or birth), or during a designated Open Enrollment period.

Exception: If you waive coverage in a health or dental plan for yourself or any eligible dependent because you and/or your dependents are covered under your spouse's group plan, if that other coverage ends you may enroll in a College-sponsored plan at any time during the year; provided application is made **within 30 days of the date that the other coverage ends.**

DELETING COVERAGE

Your ability to delete coverage for yourself or a dependent is governed primarily by regulations of IRC Section 125. Section 125 permits employee payroll deductions for health, dental and Flexible Spending Accounts to be made on a **pre-tax** basis. Pre-Tax deductions offer a significant tax advantage to faculty and staff participating in The Claremont Colleges' programs; individual tax savings range between 28% and 35% of the payroll deduction. However, in exchange for this tax advantage, **Section 125 limits the ability to change the payroll deduction during the calendar year. Mid-year changes are permitted only when certain "life events", such as a marriage, birth or adoption of a child, death of a dependent, loss of eligibility (e.g. as a result of a divorce, or if a dependent child reaches maximum eligible age, is no longer a student or marries), or changes in the employment status of the employee or spouse bring about changes in benefit options or need.**

You may delete existing coverage for yourself or a dependent only if you have experienced one of the "life events" described above, or during a designated Open Enrollment period.

You may avoid the Section 125 restrictions on making changes in your health and dental coverage by electing to have your health and/or dental payroll deduction made on an **after-tax** basis prior to the beginning of any calendar year. If you want to elect after-tax deduction, or wish to discuss this further, contact the Benefits Section. **A Waiver of Pre-Tax Premium participation must be received in Benefits Administration before January 1st of every year.**