

Reply to Common Council File No. 030312

From DOA-Budget and Management Division

June 12, 2003

Ref: 03013 (37)

Common Council File No. 030312 is a resolution from the Department of Employee Relations increasing the limit on the Flexible Spending Medical Account from \$2,000 to \$3,000.

Flexible Spending Medical Accounts allow employees to set aside pre-tax funds from their paycheck to pay for out-of-pocket medical and dental care expenses. Providing this benefit allows the city to save the employer's share of FICA taxes on the funds set aside by employees.

At this time, 60 employees are at the \$2,000 limit. Raising the limit does not require any additional expense on the part of the city and will, in the long run, allow us to avoid additional taxes for employees who take advantage of the increased limit.

RECOMMENDATION: APPROVE COMMON COUNCIL FILE NO. 030312 WHICH AUTHORIZES THE DEPARTMENT OF EMPLOYEE RELATIONS TO RAISE THE FLEXIBLE SPENDING MEDICAL ACCOUNT TO \$3,000.


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