



Agenda Memo

Crest Hill, IL

Meeting Date:	October 6, 2025
Submitter:	Blaine Wing, City Administrator
Department:	Administration
Agenda Item:	Consideration of a Flexible Benefit Account Program

Summary: It is my understanding that staff have brought Section 125 plans (Flexible Spending Benefits) to City Council in the past. (See background memos that are attached.) In addition, let me share some of the reasonings why I support these plans and using vendors like WEX:

Benefits for Employers:

- **Payroll Tax Savings:** Employers save on FICA and FUTA taxes because employee taxable wages are reduced.
- **Enhanced Recruitment & Retention:** Offering a Section 125 plan makes the benefits package more attractive, helping to recruit and retain top talent.
- **Improved Employee Satisfaction:** Employees appreciate having choices and saving money, which can lead to higher morale and productivity.
- **Cost-Effective Benefit Offering:** Employers can offer valuable benefits without significantly increasing costs.

Benefits for Employees:

- **Tax Savings:** Employees can pay for eligible expenses (like health insurance premiums, dependent care, and medical costs) with pre-tax dollars, reducing their taxable income.
- **Increased Take-Home Pay:** Because less income is taxed, employees effectively have more disposable income.
- **Flexible Benefits:** Employees can choose from a menu of benefits that best suit their personal and family needs.
- **Coverage for Key Expenses:** Plans often include Flexible Spending Accounts (FSAs) for medical and dependent care, helping employees manage out-of-pocket costs.

Recommended Council Action: Approval of adding Flexible Benefit Account Program (IRS Section 125) as part of our optional benefits.

Financial Impact:

Funding Source: General Fund

Budgeted Amount: Approximately \$3,000 annually for administrative costs.

Cost: Employees deduct money from their paychecks to support.