



Policy Directory

Responsible Division: Finance and Administrative Services
Responsible Office: Human Resources
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Cafeteria Plan (Tax Exempt Benefit Program)

Policy:

Alcorn State University offers a pre-tax benefit program called a cafeteria plan that is permitted under Section 125 of the Internal Revenue Code. This program allows certain benefits to be paid with before-tax dollars rather than with after-tax dollars, increasing the amount of take-home pay and lowering tax liability. The cafeteria plan allows for medical reimbursement and dependent child care reimbursement with a pre-determined amount of pre-taxed dollars.

The cafeteria plan does not affect state retirement contributions, nor in any way changes benefits available to employees when they retire. However, because social security is deducted after the tax exemptions it does affect social security contributions. Participation and changes to the cafeteria plan may only be made during open enrollment or due to a change of status. Contact the Office of Human Resources for more information.