November 1, 2010

TO: All Regular Employees

FROM: Robert C. Chance

SUBJECT: Flexible Benefits Plan

The Flexible Benefits Plan established by the University is an important part of your overall benefits package. Under this Plan the University is permitted to exclude, from both Federal Income and Social Security taxes, amounts you contribute to a medical and/or dependent care reimbursement account. These reimbursement accounts provide an opportunity for additional tax savings if you choose to participate. By enrolling in one or all of the reimbursement accounts, you can designate a fixed dollar amount to be set aside annually for medical and/or dependent care expenses. Subsequently, as expenses are incurred, the University reimburses you through your payroll check for those expenses.

Employees who have a remaining balance at the end of 2010 may submit additional expenses for reimbursement, if those expenses are incurred within the first 2 ½ months of calendar year 2011 (March 15, 2011). This allows employees who overestimate expenses time to incur additional expenses and avoid forfeiture of unused balances.

The attached material describes the University's Flexible Benefits Plan and includes the various forms for enrolling in the medical and/or dependent care reimbursement accounts. This information is also available on the flexible benefits website at http://flexiblebenefits.tennessee.edu/. Even if you participated in the medical reimbursement and/or dependent care reimbursement account during 2010, you must re-enroll to participate during 2011.

**Effective in January 1, 2011 over the counter medicines will no longer be reimbursable thru the medical flexible benefits plan.**