

## Get reimbursed for out-of-pocket healthcare and dependent care expenses with tax free dollars!

### MAXIMIZE YOUR INCOME!

FSA's allow you to pay certain healthcare and dependent care expenses with pre-tax money. (The key to the Flexible Benefit Plan is that your eligible expenses are paid for with Tax Free Dollars.) You will not pay any federal, state or social security taxes on funds placed in the plan. You will save between, approximately, \$27.65 and \$37.65 on every \$100 you place in the plan. The amount of your savings will depend on your federal tax bracket.

### ELIGIBILITY

Participation in the Plan begins on April 1, 2008 and ends on March 31, 2009. You are eligible to participate in the Plan if you have reached age 18 and normally work at least 35 hours per week. Those employees having a qualifying event are eligible to enroll within 30 days of the qualifying event. Deductions begin on the first pay period after the enrollment form is received. You must complete an enrollment form to participate in the Flexible Spending Accounts each year during the enrollment period. If an enrollment form is not completed during open enrollment, your enrollment will be canceled and you will not be able to join until the next anniversary date of the plan or if you have a qualifying event.

### ELECTION CHANGES

Once you have enrolled in an FSA you may NOT make any changes to your election unless you have a change in status such as:

- Marriage or divorce
- Birth or adoption
- Involuntary loss of spouse's medical or dental coverage
- Death of dependent (child or spouse)
- Unpaid FMLA or Non-FMLA leave
- Change in Dependent Care providers

### REIMBURSEMENT SCHEDULE

Claims are processed twice each month. If a claim is received in the office of Flexible Benefit Administrators, Inc. by the 7th of the month, your reimbursement will be mailed to your residence on the 15th of the month. If a claim is received in the office of Flexible Benefit Administrators, Inc. by the 22nd of the month, your reimbursement will be mailed to your residence on the last day of the month.

You may also use your Benefits Card to pay for expenses. Please refer to the Benefits Card section for details.

### ONLINE ACCESS

Flexible Benefit Administrators, Inc. provides on-line account access for all FSA participants. Please visit their website at [www.flex-admin.com](http://www.flex-admin.com) to view the following features:

- **FSA Login** – view balances, check status and view claims history-download participation forms
- **FSA Educational Tools** – FSA calculator: estimate how much you can save by utilizing an FSA.

### HEALTHCARE REIMBURSEMENT

With this account, you can pay for your out of pocket health care expenses for yourself, your spouse and all of your dependents for healthcare services that are incurred during your plan year and while an active participant. Eligible expenses are those incurred "for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body". This is a broad definition that lends itself to creativity.

### EXAMPLES OF ELIGIBLE HEALTH CARE EXPENSES

#### Fees/Co-Pays/Deductibles For:

- |   |   |                              |
|---|---|------------------------------|
| • Acupuncture   | • Surgery   | • Mileage (18¢ a mile)       |
| • Prescription Eyeglasses/ Reading glasses/ Contact lens and supplies/ Eye Exams/ Laser Eye Surgery | • Dental/ Orthodontic Fees                        | • Take-home screening kits   |
| • Physician   | • Obstetrician                                    | • Diabetic supplies          |
| • Ambulance   | • X-Rays  | • Routine Physicals          |
| • Psychiatrist  | • Eye Exams                                       | • Oxygen                     |
| • Psychologist  | • Prescription Drugs                              | • Physical Therapy           |
| • Anesthetist   | • Artificial limbs & teeth                        | • Hearing aids and batteries |
| • Hospital  | • Birth control pills, patches                    | • Medical equipment          |
| • Chiropractor  | • Orthopedic shoes/ inserts                       | • Nicotine gum/ patches      |
| • Laboratory/ Diagnostic  | • Therapeutic care for drug and alcohol addiction |                              |
| • Fertility Treatments  | • Vaccinations & Immunizations                    |                              |

### ELIGIBLE OVER-THE-COUNTER EXPENSES

Examples of eligible medications and drugs purchased in reasonable quantities without a prescription:

- |                                     |                            |
|-------------------------------------|----------------------------|
| • Antacids                          | • First aid creams         |
| • Pain relievers/aspirin            | • Cough & cold medications |
| • Ointments & creams for joint pain | • Laxatives                |
| • Allergy & sinus medication        | • Anti-diarrhea medicine   |

See the Flexible Benefit Administrators website for a complete list.

### THE HEALTH CARE ACCOUNT IS A PRE-FUNDED ACCOUNT

This means that you can submit a claim for medical expenses in excess of your account balance. You will be reimbursed your total eligible expense up to your annual election. The funds that you are pre-funded will be recovered as deductions deposited into your account throughout the plan year.

- Contribution Limits:** The maximum annual contribution is \$4,000. The minimum annual contribution is \$120.00

## DEPENDENT CARE REIMBURSEMENT

The Dependent Care FSA allows you to pay for day care expenses for your qualified dependent/child with pre-tax dollars. Eligible dependent care expenses are those you must pay for the care of an eligible dependent so that you and your spouse can work. Eligible dependents, as revised under Section 152 of the Code by the Working Families Tax Act of 2005, are defined as either dependent children or dependent relatives. This can include stepchildren, grandchildren, adopted or foster children; refer to the Employee Guide for more details. Eligible dependents are further defined as:

- Under age 13
- Physically or mentally unable to care for themselves such as:
  - Disabled spouse
  - Disabled child
  - Elderly parents that live with you

**Contribution Limits:** The annual maximum contribution may not exceed the lesser of the following:

- \$5,000 maximum annual contribution (\$2,500 if married filing separately) & minimum annual contribution is \$120.00
- Your wages for the year or your spouse's if less
- Maximum is reduced by spouse's contribution

## ELIGIBLE DEPENDENT CARE EXPENSES INCLUDE

- Au Pair
- Daycare for an Elderly Dependent
- Daycare for a Disabled Dependent
- Nursery School
- Private Pre School
- Sick Child Center
- Licensed Day Care Centers
- Before and After Care
- Day Camps
- Babysitters

### Ineligible Expenses

- Overnight Camps
- Babysitting for Social Events
- Tuition Expenses Including Kindergarten
- Food Expenses (if separate from dependent care expenses)
- Care Provided By Children Under 19 (or by anyone you claim as a dependent)
- Days Your Spouse Doesn't Work (though you may still have to pay the provider)
- Kindergarten expenses are ineligible as an expense if it is primarily educational, regardless if it is half or full day, private or public state mandated or voluntary
- Transportation, books, clothing, food, entertainment and registration fees are ineligible if these expenses are shown separately on your bill.
- Registration Fees
- Leave of Absence or Vacation

## HOW TO RECEIVE REIMBURSEMENT

To obtain a reimbursement from your Flexible Spending Account, you must complete a Claim Form. This form is available to you in your Employee Guide or on our website. You must attach a receipt or bill from the service provider which includes all the pertinent information regarding the expense:

- Date of service
- Patient's name
- Amount charged
- Provider's name
- Nature of the expense
- Amount covered by insurance (if applicable)

Canceled checks, bankcard receipts, credit card receipts and credit card statements are NOT acceptable forms of documentation. You are responsible for paying your healthcare or dependent care provider directly.

## HOW THE FLEXIBLE BENEFIT PLAN WORKS

	Without Flex Benefits	With Flex Benefits
Gross Monthly Income	\$ 2,500.00	\$ 2,500.00
Eligible Pre-Tax employer medical insurance	\$ 0.00	\$ 200.00
Eligible Pre-Tax Medical Expenses	\$ 0.00	\$ 60.00
Eligible Pre-Tax Dependent Child Care Expenses	\$ 0.00	\$ 300.00
<b>Taxable Income</b>	<b>\$ 2500.00</b>	<b>\$ 1940.00</b>
Federal Tax (15%)	\$ 375.00	\$ 291.00
State Tax (5.75%)	\$ 125.00	\$ 97.00
FICA Tax (7.65%)	\$ 191.25	\$ 148.41
After-Tax employer medical insurance	\$ 200.00	\$ 0.00
After-Tax medical expenses	\$ 60.00	\$ 0.00
After-Tax dependent child care expenses	\$ 300.00	\$ 0.00
<b>Monthly Spendable Income</b>	<b>\$ 1248.75</b>	<b>\$ 1403.59</b>

By taking advantage of the Flexible Benefit Plan this employee was able to increase his/her spendable income by \$154.84 every month! This means an annual tax savings of \$1,858.08. Remember, with the FLEXIBLE BENEFIT PLAN, the better you plan the more you save!

## FORFEITING FUNDS

Plan carefully! Unused funds will be forfeited as governed by the IRS's "use-it-or-lose-it" rule. Please see the Employee Guide for more info.

## HOW TO ENROLL IN OUR FSA PLAN

### Step 1

Carefully estimate your eligible healthcare and dependent care expenses for the upcoming plan year. Then use our online FSA Educational Tools located at [www.flex-admin.com](http://www.flex-admin.com) to help you determine your total expenses for the plan year.

### Step 2

Complete the Enrollment Form (available from your Benefits Administrator), which instructs payroll to deduct a certain amount of money for your expenses. This amount will be contributed on a pre-tax basis from your paychecks to your FSA. Remember the amount you elect will be set aside before any federal, social security, and state taxes are calculated.

## BENEFITS CARD

You may also use your Benefits Card to pay for eligible expenses at approved service providers and merchants. Using your card allows you instant access to your funds with no out of pocket expense. Please keep all your itemized receipts. Flexible Benefit Administrators, Inc. may request documentation to substantiate Benefits Card transactions to determine eligibility of an expense. You may also elect to have an additional Benefits Card for your dependent(s). Please contact Flexible Benefit Administrators, Inc. to order additional cards.

