

Simple Truth

Flexible Spending Account (FSA)

You have choices



eflexgroup.com



Color Your Savings



Grab your paycheck and look at your withholdings. Notice that money was deducted to pay state and federal taxes and to fund the Social Security (FICA) taxes? Your employer pays a part of your FICA taxes. The taxes you pay are translated into a percent of pay. This percentage is different in each state. But, the average percentage is 20 to 30%.

Wouldn't it be great to cut withholdings by setting money aside before taxes are calculated? With a Flexible Spending Account (FSA), that's precisely what you do.

An FSA (also called a cafeteria plan) is an innovative employee benefit designed to save you money. Developed under IRS Section 125, it allows you to pay for certain health and dependent care expenses with *pre-tax* dollars. What's most unique is that it benefits both you and your employer.

It's simple You determine a dollar amount that your employer will transfer to your FSA before calculating taxes each pay period. (Any premiums you pay for group coverage through your employer, will also be deducted from your gross pay before taxes are calculated.) After the funds are transferred to your FSA, your gross income is lower (even though you have the money in another account), so the amount withheld for taxes is lower.

Use the money in your FSA to pay for certain out-of-pocket expenses like deductibles and coinsurance. And, if you're paying for dependent care services each month, you can put money aside pre-tax to cover those expenses as well.

The bottom line: with an FSA, you have more money in your pocket each month.

	No FSA Plan	FSA Plan
Monthly Income	\$3,500	\$3,500
Pretax Medical Expenses	\$0	\$100
Pretax Daycare Expenses	\$0	\$400
Pretax Premiums (health & dental)	\$75	\$75
Taxable Income	\$3,425	\$2,925
Withholdings (28% for taxes, FICA and Medicare)	\$959	\$819
Post-tax Medical Expenses	\$100	\$0
Post-tax Daycare Expenses	\$400	\$0
Net Income	\$1,966	\$2,106

Choose Your Plan

It just takes some simple planning. Remember, you're funding benefits based on future earnings. So, when you design your plan, carefully *estimate the costs you expect to incur* in the coming year. Then, enhance your tax savings by enrolling in one or more of the following FSAs.

- **Health FSA** to pay for out-of-pocket medical expenses incurred during the plan year. Medical expenses covered under this account include: co-pays, deductibles, prescription drugs, diabetic supplies, eye glasses, podiatry services, dental services, orthodontics/braces, and more. Use the worksheet on the last page of this brochure to estimate how much you spend on medical expenses each year. Now imagine paying for those expenses pre-tax instead of after-tax. That's a savings of 28% for many people.
- **Dependent Care FSA** to cover dependent day-care expenses you pay so you (and your spouse) can work. This FSA covers day-care expenses for your dependent children up to age 13 and for elder dependents (like aging parents) that live in your home. You and your spouse must work or attend school full time to be eligible for a Dependent Care FSA. Please note that if you're divorced or separated, the IRS only considers the custodial parent or guardian (the one who has custody more than 50% of the time) eligible for this account.
- **Individual Premium FSA** for any medically-related insurance billed to your home. (Some employers may not offer this option.) Please see your eflexgroup representative to see if you're eligible for this option.

eflex Card We've made it easy to access your FSA. Just swipe the eflex Card like you would any credit/debit card at the time of purchase. We'll take care of paying the provider and deducting money from your FSA. (In certain cases, you may need to submit documentation relating to your purchase.) Feel free to use your eflex Card at eligible day-care centers, doctor/dental offices, clinics, vision centers and pharmacies as long as they accept MasterCard or VISA. **How simple is that?**

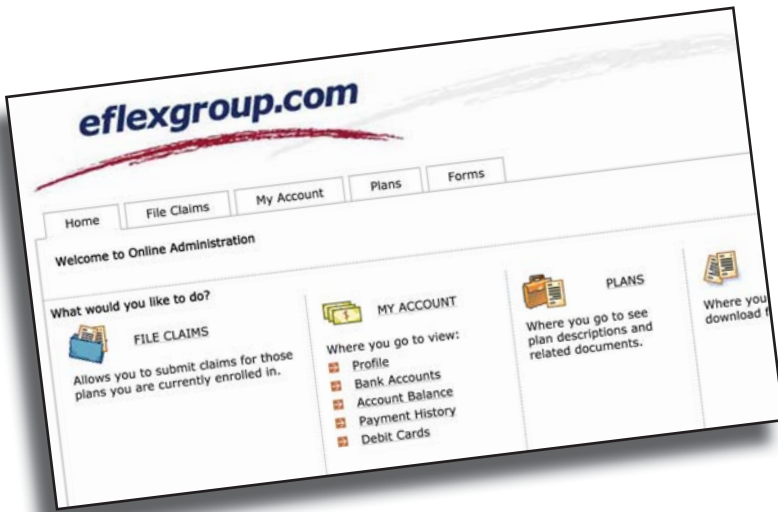


Decide how much you want to save

Select Your Tools

Web Self Service Enjoy our easy online services 24/7/365.

- View your account online
- View claims history
- Submit claims (then fax claim documentation to us)
- Sign up for Direct Deposit (ACH)



To access your secure account online:

- Open your web browser (e.g., Internet Explorer) and type <https://employee.eflexgroup.com> into the address line
- Enter your user name, which is your first initial, last name, and the last four digits of your Social Security number. (Example: John Smith 123-45-6789 is jsmith6789)
- If this is your first time logging onto the system, use *eflex4me* as your password. You will then be prompted to create a new, unique password to access your account information.

Fast Claims To file claims, simply download a claim form from our Website (www.eflexgroup.com/forms) or ask your Human Resources staff. Complete the form by listing your expenses, attaching your receipts and signing/dating the claim form. We encourage you to also complete an ACH form for direct deposit into your account. (This form is also available on our Website.) You may request a check, but direct deposit will speed the reimbursement process and save you a trip to the bank.

The fastest way to receive reimbursement is to fax us your completed claim form and receipts. Our toll-free fax number is: 1.877.231.1287. You may also file your claim on-line by logging into to the employee link on our Website.

It usually takes just 1 to 2 business days to process your claim.

Fast Answers When you have a specific question regarding your plan or our services, just go to our Website and ask the Flexpert. One of our specialists will get back to you with a prompt and helpful answer. If you need answers immediately, you can visit our online live support or call our Customer Care Center, toll free at 1.877.933.3539.

The Fine Print... Because this is a plan in which you save taxes, the IRS does have some rules that apply.

All expenses need to follow IRS guidelines to be considered "eligible" for reimbursement. Please read your planning worksheet very carefully. Also, this benefit can only pay for expenses incurred within the plan year. Expenses incurred in the previous plan year aren't eligible for payment under this plan even if you're paying for them in the new year. The only exception is orthodontia expenses because they're considered an ongoing service.

It's important to plan carefully. If for some reason you have money left in your account at the end of the plan year and don't claim it within the run-out period (defined in your policy), you forfeit the money. Recently, however, the IRS passed regulations allowing employers to add a 2.5 month extension to the end of the plan year. This extension allows you to incur services and claim any leftover funds in your account. Please contact your plan administrator to see if your employer added the extension.

After your plan year begins, you'll receive a Summary Plan Description detailing the plan your employer selected.

eflexgroup. Simply the Best.

eflexgroup is a national web-based third-party administrator (TPA) of pre-tax employee benefits, HRAs, HSAs, Cafeteria Plans, and COBRA Administration.

Founded on the idea that administration of benefit plans should be easy, eflexgroup is a different kind of TPA. With a customer focus and Lean Six Sigma quality tools, we are creating the highest standards of customer service in the TPA market.

Fast answers, fast claims, and web self service are our core competences. Our superior service and innovative thinking will save you money and make your life easier.

Questions? Visit our Website
at www.eflexgroup.com
and download our FAQ.

Personal Planning Worksheet

Use this worksheet to estimate expenses for you, your spouse, and eligible dependents. Then, simply transfer your plan-year total for each section to the tax calculator at www.eflexgroup.com to discover your tax savings. If you participate in your employer's insurance plan(s), premiums will automatically be deducted pre-tax, unless you notify your Human Resource Department differently. **This is not an enrollment form.**

Health Related Expenses

- _____ Doctor office visits co-pays
- _____ Deductibles
- _____ Routine physical
- _____ X-Rays
- _____ Dental co-pays
- _____ Dental deductibles
- _____ Non-cosmetic dental services
- _____ Orthodontia
- _____ Dental surgery
- _____ Dental x-rays
- _____ Contact lens & supplies
- _____ Laser eye surgery
- _____ Eye glasses
- _____ Vision x-rays
- _____ Vision exams
- _____ Medical miles, paid according to IRS annual limits.
- _____ Alcoholism treatment
- _____ Ambulance
- _____ Care for handicapped
- _____ Diabetic supplies/insulin
- _____ Acupuncture
- _____ Drug addiction treatment
- _____ Guide animal care
- _____ Eligible hospital charges not covered by insurance
- _____ Lab fees
- _____ Learning disabilities care
- _____ Over-the-counter drugs
- _____ Prescription expenses (co-pays)
- _____ Prosthesis
- _____ Wheelchair(s)
- _____ Holistic healing services (medically necessary), not including holistic remedies or supplements

\$ _____ **Health Plan Year Total**

Health-related expenses that require a letter of medical necessity include: • non-prescription vitamins • supplements from chiropractor, acupuncturist, holistic healer • Rogaine or hair transplant • Retin-A • electrolysis • breast pumps • health club memberships • massage therapy • whirlpools. Ineligible health-related expenses include: • feminine hygiene products • dental bleaching or bonding • Illegal operations or treatments • diaper service • meals that are not for inpatient care • marital or family counseling • services by a holistic healer who isn't licensed to practice medicine.

Dependent Care Expenses

- _____ Day-care centers
- _____ Elder care
- _____ Family child care
- _____ Day camps
- _____ Preschool
- _____ After-school care
- _____ Nanny/au pair

\$ _____ **Dependent Plan Year Total**

Ineligible dependent expenses include: • meals • overnight camps • diapers • educational expenses including kindergarten • incidental fees such as activity fees, field trips.

Important: You must list your dependent care provider's tax ID number on Form 2441 for your taxes each year. (\$5,000 maximum for married and head of household filers or \$2,500 if married filing separately. Please refer to the Summary Plan Description if your spouse is a student or disabled. Also, you and your spouse (if applicable) must be gainfully employed to participate.

Premiums Paid Outside of Your Employer's Group Plan

Note: not all employers offer this service. Only IRS Section 213(d) policies qualify. Please see flexpert for more details.

- | | |
|-------------------------------|------------------------|
| _____ Accident insurance | _____ Cancer insurance |
| _____ COBRA premiums* | _____ Dental insurance |
| _____ Hospital insurance | _____ Medicare |
| _____ Major medical insurance | |
| _____ Vision insurance | |
| _____ Disability insurance** | |

\$ _____ **Plan Year Total**

* Not Available: Life Insurance and Long Term Care.

**Disability Insurance becomes taxable in the event of a claim if premiums are placed pre-tax.

**Uncertain about whether an expense is deductible?
Just go to our website at
www.eflexgroup.com and ask the Flexpert**

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