



# You can make more money this year!

Sometimes referred to as a cafeteria plan, flex plan, or a Section 125 plan– a Flexible Benefits Plan lets you set aside a certain amount of your paycheck into an account– before paying income taxes. During the year you have access to this account for reimbursement of expenses you regularly pay for, such as healthcare and dependent daycare.

When you use tax-free dollars to pay for these expenses, you realize an increase in your spending power, and substantial tax savings.

## Reimbursable Expenses can include:

- Deductibles, Co-pays, and Prescription Drugs
- Expenses not covered by insurance
- Dental Services & Orthodontics
- Eyeglasses, Contacts, Solutions & Eye Surgery
- Weight-loss programs (associated with a specific disease)
- Chiropractic services
- Psychiatric care & Psychologist's fees
- Smoking Cessation programs
- Over-the-counter drugs that are medically necessary like allergy medications or aspirin
- Adult & Child Daycare services
- Adoption Expenses
- And more!

Without the plan	
Gross Earnings	\$ 2,000
FICA, Federal, State Taxes	- \$500
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
<b>Net Earnings</b>	<b>\$ 1,100</b>

With the plan	
Gross Earnings	\$ 2,000
FICA, Federal, State Taxes	- \$400
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
Adjusted Gross Earnings	\$ 1,600
<b>Net Earnings</b>	<b>\$ 1,200</b>



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# STEP 1: Your Options

There are several accounts you can participate in with the Flexible Benefits Plan.

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## **I: Healthcare Reimbursement Account**

This account reimburses you for healthcare expenses not covered by insurance. You set aside money, tax-free, through regular payroll deductions. During the year, you can be reimbursed directly from your account for those qualified healthcare services provided that are not covered by insurance.

Common expenses that qualify for reimbursement are—doctor visits, deductibles, co-payments, prescriptions, mental health care, dental services and orthodontics, chiropractor services, eye exams, glasses and contacts.

## **II: Dependent Care Reimbursement Account**

This account reimburses you for daycare expenses for eligible children and adults. Through regular payroll deductions, you set aside part of your income to pay for these expenses on a tax-free basis. To qualify, your dependents must be:

- A child under the age of 13, or
- A child, spouse or other dependent who is physically or mentally incapable of self-care and spends at least 8 hours a day in your household.

Qualified Expenses for reimbursement include—adult and child daycare centers, preschool and before/after school care. Please check with your Employer HR Dept. or Consociate • Dansig Customer Service at 1.800.798.2422 for additional restrictions.

PLEASE NOTE: A dependent care credit is available on your annual tax return. Whether or not to participate in the daycare portion of this plan depends on your income, filing status, number of dependents and annual daycare expenses. You will also receive your tax savings throughout the year, rather than once a year when you file your taxes. Contact your plan administrator for further information.

## **III: Adoption Expense Reimbursement Account**

The adoption account reimburses you for eligible expenses incurred in the adoption of a qualified child. These expenses include reasonable and necessary legal adoption fees, court costs, and attorney fees.

A qualifying child is an individual who has not attained the age of 18 as of the time of the adoption or is physically or mentally incapable of caring for himself. A qualifying child does not include the child of an individual's spouse.

## **IV: Additional Benefit**

Your employer may have included benefits in addition to the programs described above. Your Human Resource Department will send notification, along with enrollment brochure, if any such additional benefits are being offered at this time.

## **V: Premium Savings Account**

This account allows you to pay for your employer-provided health and other insurance premiums with tax-free dollars, through payroll deduction. If you are covered under your employer's health and/or other insurance plans, you are automatically enrolled in this account! Be sure to let your employer know if you don't want your premiums paid tax-free.

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## STEP II: Determining Your Reimbursable Expenses

By completing the following information, you can calculate your annual reimbursable expenses. Take into consideration the services to be provided during the upcoming plan year for you and your dependents.

Healthcare Expenses	
<b>Medical (1)*</b>	
Deductibles	\$
Co-payments	\$
Doctor Visits	\$
Prescriptions	\$
Over-the-counter medications	\$
Medications	\$
Other	\$
<b>Total</b>	<b>\$</b>
<b>Vision (2)</b>	
Exams	\$
Eye Surgery	\$
Lenses/Frames	\$
Contacts	\$
Solutions	\$
Other	\$
<b>Total</b>	<b>\$</b>
<b>Dental (3)*</b>	
Routine Check-ups	\$
Fillings/Crowns	\$
Orthodontics	\$
Other	\$
<b>Total</b>	<b>\$</b>
Dependent Daycare Expenses	
Children	\$
Adults	\$
<b>Total</b>	<b>\$</b>
Adoption Expense	
<b>Total</b>	<b>\$</b>
Other Reimbursable Expenses**	
<b>Total</b>	<b>\$</b>

Estimated Annual Expenses and Tax Savings	
Total Healthcare Expenses (add 1 + 2 + 3)	\$
Total Dependent Daycare Expenses	\$
Total Adoption Expenses	\$
Total Other Reimbursable Expenses	\$
<b>Total Expenses</b>	<b>\$</b>
Tax Bracket Percentage (see below)	%
Annual Tax Savings (multiply total expenses by tax bracket percentage)	\$
Savings Amount/Paycheck (divide total expenses by number of paychecks you receive each year: 52, 26, 24, 12)	\$

Tax Estimate Table	
Based on a combination of social security, federal, and state income taxes.	
Annual household earnings	Estimated tax rate
Less than \$30,000	<b>25% = .25</b>
\$30,000 to \$40,000	<b>29% = .29</b>
\$40,000 to \$70,000	<b>31% = .31</b>
Greater than \$70,000	<b>33% = .33</b>
These tax rates are estimates based on national averages and may not reflect your actual tax rate.	

\* Cosmetic procedures like teeth bleaching and face lifts are not eligible expenses for reimbursement.

\*\* An "Additional Benefit" may not be offered by your employer. Check with your Human Resources Department

## STEP III: Complete the Participation Form

Using the information you calculated in Step II, complete the attached Participation Form and return it to your Human Resources Department.

# Participation Form for the Flexible Benefits Plan

General Information	
Plan year or plan effective date	
Employer name	
Employee Name (First, Middle, Last)	Social Security No.
Department	E-mail
Home address	
Home phone (      )	Work phone (      )
First payroll effective date	Paycheck frequency
Number of pay periods remaining in the plan year	

## Option I: Healthcare Reimbursement Account Agreement

- I elect to contribute \$\_\_\_\_\_ (before taxes) per pay period, which is \$\_\_\_\_\_ per plan year, to fund my account for reimbursement of qualified out-of-pocket healthcare expenses not covered under my health and other insurance plans.
- I elect Automatic Claim Reimbursement (Not Available with Debit Card, please check with Employer HR Dept. for availability.)
- I decline to participate in this option for this plan year.

## Option II: Dependent Daycare Reimbursement Account Agreement

- I elect to contribute \$\_\_\_\_\_ (before taxes) per pay period, which is \$\_\_\_\_\_ per plan year, for funding Reimbursement of qualified dependent daycare expenses. (Maximum amount per calendar year is the lesser of; (1) \$5,000 for married filing joint, or \$2,500 for married filing separate; (2) your spouse's total annual compensation; or (3) 1/2 of your total annual compensation. If you are single, the maximum amount is \$5,000.)
- I decline to participate in this option for this plan year.

## Option III: Adoption Expense Reimbursement Account

- I elect to contribute \$\_\_\_\_\_ (before taxes) per pay period, which is \$\_\_\_\_\_ per plan year, for funding Reimbursement of qualified adoption expenses. (Maximum amount per child adopted is adjusted annually. If Additional expenses are incurred for the adoption of this child, a credit may be available to you. Please see your tax advisor for maximums or further details.)
- I decline to participate in this option for this plan year.

## Option IV: Additional Benefit (please insert description provided by your HR Department)

- I elect to contribute \$\_\_\_\_\_ (before taxes) per pay period, which is \$\_\_\_\_\_ per plan year, for funding reimbursement of this additional benefit outlined by my Human Resource department.\*
- I decline to participate in this option for this plan year.

\* Do not complete this section unless you have received instructions from your HR department.

## Option V: Premium Savings Account Agreement

I have enrolled in certain employer-sponsored insurance benefits. I understand that my share of the premium for these insurance benefits will automatically be paid with pre-tax dollars through payroll deduction. I also understand that if my required contributions for the elected benefits are increased or decreased while this agreement remains in effect, my taxable income will automatically be adjusted to reflect that increase or decrease. You are automatically enrolled in this option unless you decline to participate.

- I decline to participate in this option for this plan year.

## Option VI: Waiver of Tax Benefits

- I have been given the opportunity to enroll in these tax-savings plans and have declined to participate. I understand that I will lose all tax savings that I may have received as a participant.

My employer and I agree that my taxable income will be reduced each pay period by the amounts set forth in this agreement. I understand that I may change my election in the event of certain changes in my status. Prior to the first day of each plan year, I will be offered the opportunity to change my benefit election for the upcoming plan year. Any qualified expenses that are submitted by me will be reimbursed to me on a tax-free basis. Any contributions that are not used during the plan year may not be paid to me in cash or used in a later plan year. A copy of the Summary Plan Description is available upon request.