

Flexible Spending Accounts

Enrollment Information

Save 25-40% on your eligible expenses!

Save money on your common medical and day care expenses and put more money in your pocket.

SAVE MONEY ON:

- * Copays
- * Prescriptions
- * Day Care
- * Over-the-counter Drugs
- * Glasses
- * Contacts
- * Dental Work
- * Physical Therapy
- * Chiropractic
- * Orthodontia

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YOUR BENEFITS

A Flexible Spending Account (FSA) program enables you to set aside money on a pre-tax basis to pay for health and day care costs. An FSA is the only benefit that actually saves you money on the cost of health and day care expenses.

CHOICES, CHOICES, CHOICES

There are three (3) components to an FSA program and each has its own rules. The **Health Care FSA** is for out-of-pocket health care expenses for you and your dependents.

The **Day Care FSA** is for day care expenses for your child. The Day Care FSA can also be used for any elder day care expense, but there are some extra considerations you will need to take.

Deductions for your company-sponsored benefits are taken pre-tax from your paycheck through the **Premium Conversion** portion of the plan. Please refer to the enrollment form to find more information about this account and your participation status.

HOW DOES IT WORK?

Estimate your expenses for the **Plan Year** and enroll in an FSA for that amount. The money is deducted pre-tax from each paycheck and is deposited into an account. Claims for expenses are submitted to the account and the reimbursement is issued to you accordingly.

Here are some things to keep in mind:

- The money deducted from your paycheck will be pre-tax, so you don't pay FICA (7.65%), Federal Income Tax (10-35%) or any state income tax.
- Anybody claimed as a dependent on your federal tax return is eligible for this benefit.
- You can enroll in more than one FSA account, but the money in one account cannot be transferred to another account.
- Your benefit operates on a plan year basis. The plan year will be indicated on the enrollment form. The claimed expenses must have dates of service that fall within the plan year.

SOME BASICS ABOUT ENROLLMENT

Enrollment for this valuable benefit is simple. You will have a period before the start of each plan year to enroll for these benefits – this is the **Open Enrollment** period. Once open enrollment is over, you cannot make any changes to your enrollment. Here are some important things to keep in mind when enrolling.

1. Your election amount will be deducted evenly out of each paycheck during the plan year. Refer to the enrollment form for any plan limits.
2. Once enrolled, we will send you a confirmation letter with general plan information, instructions on accessing online account features, and a claim form.
3. You are not allowed to make any changes after the plan year starts unless you have a **Qualifying Event**. Common qualifying events include birth, death, adoption, marriage or divorce.
4. There will be a **Grace Period** after the end of the plan year in which to submit old claims. The account will be closed at the end of the grace period and no further claims will be processed.
5. Money left in the account at the end of the grace period cannot be refunded to you. These funds will be forfeited back to your employer — this is referred to as the **Use-it or Lose-it** rule.

REIMBURSEMENTS

Getting a reimbursement is simple; all you need is a claim form and proper documentation. The documentation needs to show the date of service(s), your cost and the type(s) of expense you are claiming. The date of service for your expense must be within the current plan year.

Let's take a look at how you get reimbursed:

1. Complete and sign a claim form and attach your documentation showing the date, type and cost of service (bills from your providers or statements from your insurance company are perfect forms of documentation). Do not submit copies of cancelled checks, credit or debit card receipts.
2. Either fax or mail the claims to Flex-Plan. The contact information is located on the claim form.
3. Your claim will be processed within a few days and a reimbursement will be issued according to your company's reimbursement schedule. Specific information regarding your reimbursement schedule and method will be sent with the enrollment confirmation.

MYTHS

- ✓ *I have to have medical insurance to sign up for an FSA.*

This is false. The Section 125 plan is a federal tax benefit and not an insurance plan. Your enrollment in an FSA does not depend on your medical insurance enrollment.

- ✓ *This is just another way for the IRS to get more money from me.*

This is false. Current statistics show that less than 5% of participants leave a balance in their account and that the average account balance is less than 5% of the participant's annual limit. The participant may have lost 5%, but they gained 30% in tax savings, so their overall saving was reduced to 25%. If you're still unsure about your election, be conservative.

- ✓ *Signing up for an FSA will reduce my Social Security Benefits.*

This is generally false. In most cases, your Social Security benefits will not be reduced. In very rare circumstances, your Social Security benefits may be reduced since you do not pay FICA taxes on your FSA deductions. You should consult a tax advisor if you have any concerns regarding benefits.

ONLINE ACCOUNT ACCESS

You can access your account through our Web site at www.flex-plan.com. Select the link "Online Statements" and login to your account.

HEALTH CARE FSA

WHAT'S IT GOOD FOR?

The Health Care FSA is used to pay for out-of-pocket medical expenses. Most medical expenses are eligible for reimbursement. Common eligible expenses are prescriptions and office visit copays; over-the-counter (OTC) drugs; glasses; contacts; dental work; orthodontia; and the expenses that are applied to your plan deductibles. Expenses that are for one's general well-being, cosmetic in nature or not medically necessary are not eligible. A more detailed list of eligible and noneligible expenses is included in this packet.

ACCOUNT BALANCE

The Health Care FSA is a **Prefunded** account. This feature gives you full access to your annual election amount at any time during the plan year, regardless of the account balance. Think of the Health Care FSA as a tax-free, interest-free loan to help you pay for those larger medical expenses.

TERMINATION

If you cease employment during the plan year, you have some options regarding your participation. Here are the choices.

1. **STOP** – Your final paycheck will have the normal deduction and the account will be closed. We will record a termination date and you will be reimbursed for services incurred before the termination date.
2. **ACCELERATE** – You can authorize your employer to take the remaining deductions from your final paycheck. This deduction will be pre-tax and you can participate in the plan through the end of the plan year.
3. **COBRA** – Under certain circumstances, you may be eligible to continue participation on an after-tax basis through COBRA. You will be required to make the monthly payments on your own and your eligibility would be intact for each month that you participate.

HOT TOPICS

Several types of expenses may be allowable in certain circumstances. Before you enroll, please visit our Web site for more information on these types of expenses and many more.

OVER-THE-COUNTER DRUGS
WEIGHT LOSS PROGRAMS
PSYCHOTHERAPY

ORTHODONTIA

You will need to consider the length of treatment and the total cost before you enroll. If the orthodontic treatment spans more than one plan year, you can only enroll for the portion of the orthodontic care that falls within the current plan year.

OVER-THE-COUNTER DRUGS

Recent changes in IRS regulations opened the door for OTC drugs. Visit our Web site for a more complete list of what types of drugs are allowed.

WWW.FLEX-PLAN.COM

STOCKPILING

IRS regulations prohibit you from purchasing an unusually large amount of a particular over-the-counter drug at the end of the plan year. It would be reasonable if you purchased two or three bottles of the same item, but anything over that would be considered stockpiling and would not be reimbursed.

DOCUMENTATION

When you submit a claim, make sure that your documentation includes the following information.

- Dates of Service
- Cost of Service
- Type of Expense

WHAT'S COVERED?

A Health Care FSA can cover a wide variety of expenses. We've assembled a list of common expenses that are eligible for reimbursement. Some expenses may be eligible if you meet certain criteria. For a more complete list of services, please visit our Web site at www.flex-plan.com.

ELIGIBLE HEALTH CARE EXPENSE

Ace bandages	Contact lens solution	Lab work	Pregnancy tests
Acupuncture	Cortaid	Lactose intolerance pills	Prenatal vitamins
Actifed	Cough medicine	Lamisil	Preparation H
Allergy medication	Crowns	LASIK	Prescription drugs
Ambulance fees	Crutches	Lotrimin	Primatine Mist
Advil	Dayquil	Laxatives	Prilosec
Aleve	Desenex	Little Colds	Psychotherapy
Alka Seltzer	Desitin	Little Noses	Reading glasses
Antacids	Dimetapp	Maalox	Riopan Plus
Anacin	Diabetic supplies	Marazine	Robitussin
Anti-diarrhea medicine	Diaper rash ointments	Micatin	Roloids
Bactine	Doctor visits	Midol	Root canals
Balmax	Dulcolax	Midwives	Rubbing alcohol
Bayer	Dramamine	Mentholatum	Saline solution
Bandage tape	Drixoral	Milk-o-Magnesia	Simply Cough
Band-Aids	Excedrin	Monistat	Sinus medication
Ben Gay	Ex-Lax	Mylanta	Sudafed
Benadryl	Eye drops	Motrin	Surgery
Bufferin	Eye exams	Naturopathic Dr. Visits	Syrup of Ipecac
Burn creams	Fillings	Neosporin	Sterilization procedures
Calamine	First Aid creams	Nicoderm	Tagamet
Caladryl	First Aid kits	Nicorette	Thera-Flu
Carmex	First Aid supplies	Nicotrol	Thermometers
Chiropractic	Flexall	Nicotine gum/patch	Tiger Balm
Chlor-Trimitron	Gauze	Nyquil	Tinactin
Chloraseptic	Gaviscon	Orthodontia	Triaminic
Claritin	Gas-X	Orajel	Tums
Copays	Glasses	Pamprin	Tylenol
Cold medicine	Gyne-Lotrimin	Pain relievers	Vaccinations
Compound W	Hearing aids	PediaCare	Vagisil
Condoms	Hemorrhoid medication	Pepcid AC	Visone
Contac	Hydrocortisone	Pepto-Bismal	Vicks
Contraceptive foams	Immodium AD	Physical exams	X-Rays
Contacts	Kaopectate	Physical therapy	Zantac

INELIGIBLE HEALTH CARE EXPENSE

These expenses are not allowable through a Health Care FSA under any circumstances.

Birthing coach	Health club dues	Insurance premiums	Rogaine
Breast pumps	Herbs	Marriage counseling	Sex change
Cosmetic surgery	Humidifiers	Marijuana	Sonicare products
Dental bleaching	Hygiene products	Medicated shampoo	Supplements
Electrolysis	Hypoallergenic linens	Naturopathic medicines	Toiletries
Family counseling	Hypoallergenic pillows	Neck support pillows	Weight loss meals

PLEASE SEE REVERSE FOR IMPORTANT INFORMATION REGARDING THE ELIGIBILITY OF CERTAIN ITEMS AND SERVICES

DOCUMENTATION REQUIRED

There is a small group of items that may be allowed if you are diagnosed by a medical doctor (M.D.) with a specific medical condition and the specific item is medically necessary to treat the condition. These items cannot be for preventive purposes.

Acne treatment	Chondroitin*	Glucosamine*	St. John's Wort*
Adult diapers	Custom orthotics	Hormone therapy	Sunscreen
Blood pressure monitor*	Fiber supplements	Massage therapy*	Vitamins*

For Example:

An individual suffers from anemia and a doctor prescribes iron supplements to treat the anemia. The medical doctor would need to diagnose the participant with anemia and provide a letter stating the diagnosis and that iron supplements are medically necessary to treat the condition.

Remember, it will be your responsibility to find out if a service is eligible before you sign up for the benefit.

SPECIAL INFO

MASSAGE THERAPY

Massage Therapy is an allowable expense only if it is being used to treat an injury or trauma. You must provide a prescription and a letter from a medical doctor stating that the therapy is necessary for treatment.

The letter from the physician must:

1. be written by a Medical Doctor
2. describe the type of injury/trauma being treated
3. give an expiration date for treatment

BLOOD PRESSURE MONITORS

Blood pressure monitors are allowable if there is a letter from a medical doctor stating that the participant suffers from high blood pressure or has had a stroke and needs to monitor blood pressure.

VITAMINS

Vitamins are rarely allowed. The participant must be diagnosed with a specific medical condition and the prescribed vitamin must be medically necessary to treat the condition. There must be a letter from a medical doctor stating the diagnosis and the medical necessity of the vitamin to treat the condition. The prescribed treatment must have an expiration date. Please see the example above.

CHONDROITIN / GLUCOSAMINE / ST. JOHN'S WORT

These items are allowable under the same guidelines as VITAMINS. The medical diagnoses and prescription must be from a medical doctor (M.D.).

DAY CARE FSA

Day Care is one of the single largest expenses for a family with children. A Day Care FSA can be used to pay for your qualified day care expenses with pre-tax dollars. The day care provider can be a licensed day care facility or a private individual.

THE RULES

There are some rules to consider before enrolling in a Day Care FSA.

1. The day care expense must be allowing you and your spouse to work, actively look for work or be a full-time student.
2. Your dependent must live with you and must be 12 years old or younger. A dependent age 13 or older can be eligible if you can provide proof that the dependent cannot physically or mentally care for him/her self.
3. The day care provider cannot be a dependent on your tax return or your child under the age of 19.
4. A Day Care FSA works like a bank account. The reimbursement cannot exceed the account balance.
5. Some types of expenses are **not** eligible. These include tuition for school at the kindergarten level or above, overnight camp, nursing home expenses, and transportation costs.

PLAN LIMITS

The Day Care FSA limit is set by the IRS and is a calendar year limit of \$5000 per family. If your plan year is not on a calendar year, take extra care in calculating your annual election. Please consult the enrollment form for important information on plan limitations to the Day Care FSA.

CHANGES

You can make a change to your annual limit if you have a qualifying event. The election change must be consistent with the qualifying event. In addition to the normal list of qualifying events, there are some special events exclusive to the Day Care FSA.

1. A change in your day care costs, such as a rate decrease or receiving free day care.
2. A change in your need for day care (your spouse loses employment or has a change in work schedule).
3. Your dependent ceases to satisfy the eligibility requirements.

PLAN AHEAD

Estimate your day care expense for the entire plan year and take into consideration any school holidays, breaks and summer vacation. Your election will be taken out evenly from each paycheck.

DOCUMENTATION

When you submit a claim, make sure that your documentation includes the following information.

- Dates/Period of service
- Cost of Service
- Provider's name
- Provider's SSN or Tax ID

TERMINATION

If you terminate your employment during the plan year, your benefit will cease. However, you can still access the funds in your account through the end of the plan year (even if the dates of service are after your termination date).

FSA OR CHILD TAX CREDIT?

Wondering if a Day Care FSA is better for you than the child tax credit?

Visit our site at www.flex-plan.com and click the link "Tax savings calculator" to use an interactive tax calculator.