

medical *flexible* spending account

Would you like more spendable income?

If you answered yes, then a Medical Flexible Spending Account (MedFSA) is for you!

From an employee's point of view it's nearly impossible to find a health plan that covers all costs. There will undoubtedly be expenses that are covered only partially or not at all.

Co-pays and deductibles add up fast !

An IRC Section 125 Flexible Spending Account (FSA) program offers a tremendous opportunity to reduce your taxes by paying for eligible unreimbursed Health Care expenses using pre-tax dollars. When you use pre-tax dollars, you will reduce your taxable income and have fewer taxes taken out of your paycheck.

You save federal, state (in most states), and Social Security taxes on every dollar you deposit into your MedFSA. The magnitude of the savings may surprise you.

The higher your tax bracket, the more you can potentially save.

Frequently asked questions:

Can a participant use a Medical FSA to pay for a spouses and/or dependents eligible out-of-pocket medical expenses? Yes. Dependents are generally defined as those individuals claimed on the participant's personal tax return.

Do I have to include any special reporting on my tax return (1040 Form) about my contributions to the Flexible Benefit Plan? Information about a Medical FSA does not need to be reported for income tax purposes. The total earnings reported on the W-2 form will exclude any tax-free Medical FSA payroll deductions.

What happens if a participant has a claim at the end of the Plan Year and does not get it in by the last day of the Plan Year? Participants will have a grace period after the end of the Plan Year to file claims for services that were provided during the Plan Year. See your Plan Highlights for details about your grace period.

Can I change my elections in the Section 125 plan at anytime during the plan year? You cannot change your elections during the plan year, except in the event of specified status changes. For purposes of MedFSAs status changes are in relation to:

Legal Marital Status. Marriage, death of your spouse, divorce, legal separation and annulment.

Number of Dependents. Birth, death, adoption and placement for adoption.

Employment Status. A termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence and a change in work site.

Dependent Satisfies or Ceases to Satisfy Eligibility Requirements. Attainment of age, student status, or any similar circumstance.

Residence. No change to the Health Care Spending Account is allowed unless the change in residence specifically affects the eligibility of the employee to participate in the Health Care Spending Account. The changing of Health Care Plans alone would not allow a change to the Health Care Spending Account.

Judgment, Decree or Order. If a judgment, decree or order from a court requires your dependent child to be covered under this plan, you may change your election to provide coverage for the child. Conversely, if the order requires another individual to provide coverage, you may change your election to revoke coverage for your child.

Entitlement to Medicare or Medicaid. If you, your spouse and/or a dependent who is enrolled in the plan's accident or health coverage becomes enrolled in Medicare or Medicaid, you may cancel or reduce coverage for the person who becomes enrolled in Medicare or Medicaid. loses this coverage, you are allowed to make a prospective election to commence or increase coverage

So ...how much can I save?

The amount you save is determined by the amount you elect to redirect to before-tax dollars.

EXAMPLE:

Your employer sets the maximum at \$3,000.00. You elect the full \$3,000.00 redirection. Your monthly gross wage is \$2,500.00 and your Federal Tax Bracket is 26%.

With the MedFSA	With the MedFSA
Monthly Gross Wages \$2,500.00	Monthly Gross Wages \$2,500.00
No MedFSA	MedFSA - \$250.00
Monthly Gross Wages \$2,500.00	Monthly Gross Wages \$2,250.00
Taxes \$841.25	Taxes \$757.12
Take Home Pay \$1,658.75	Take Home Pay \$1,492.88
Medical Expenses Not Paid - \$250.00	Medical Expenses Are Paid
Spendable Income \$1,408.75	Spendable Income \$1,492.88
Savings \$0	Savings \$84.13

In this example you have an additional \$84.13 monthly to spend as you please.

Annually you have saved \$1,009.56!

*Would you rather pay taxes
or pay yourself?*



What are a few things it covers?

- Acupuncture
 - Air Filter to treat specific medical condition
 - Alcoholism Treatment
 - Ambulance Costs
 - Artificial Limbs & Teeth
 - Birth Control Pills & Devices
 - Braille Books & Magazines
 - Breast Augmentation for Medical Conditions
 - Car Controls For Handicapped
 - Chiropractors
 - Chair if Physician recommends for Back Problems
 - Childbirth Classes for Mother
 - Christian Science Practitioners
 - Contact Lens Solutions and Cleaners
 - Contact Lenses
 - Contact Lens Replacement Coverage
 - Co-pays
 - Crutches
 - Deductibles
 - Dental Exams and Cleaning
 - Dentures
 - Diagnostic Tests
 - Drug Treatment
 - Experimental Medical Treatment
 - Eye Examinations
 - Eyeglasses
 - Foreign Countries - Medical Expenses Incurred outside of the United States.
 - Hearing Devices and Batteries
 - Health Clubs (if for treatment of obesity or heart condition)
 - Hospital Expenses
 - Human Guide for Blind
 - In Patient Therapy
 - Impotence or Sexual Inadequacy
 - Learning Disabilities (tuition or fees for special schools)
 - Legal Fees (to authorize treatment for mental illness)
 - Lodging:
 - a) if essential to medical care
 - b) Medical Care is in Licensed Facility
 - c) Cannot exceed \$50.00 per person per night.
 - Nursing Home
 - Mental Nervous Disorder
 - Nursing Services
 - Obstetrical Expenses
 - Orthodontic Treatment
 - Orthopedic Shoes
 - Over-the-Counter reading Glasses
 - Oxygen
 - Periodontal Fees
 - Pre-existing Conditions
 - Prescription Drugs (drugs with RX#)
 - Prescription Sun Glasses
 - Psychiatric Care
 - Psychoanalysis
 - Radial keratotomy
 - Smoking Cessation Program
 - Sterilization
 - Surgery
 - Telephone and Television for the Hearing Impaired
 - Transportation Primarily for, and Essential to Medical Care
 - Transplants of Organs
 - Vaccinations
 - Vasectomy
 - Walkers
 - Weight Lose Programs for the Obese (does not cover special foods)
- and much more!