



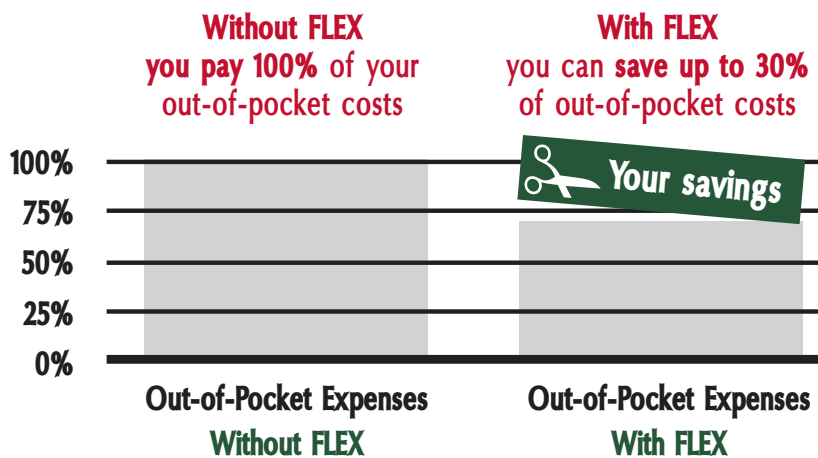
Flexible Spending Accounts

Exceptional benefits and savings
using pre-tax dollars



Choose to pay for your payroll deducted insurance costs with **FLEX!**

Pay your share of your employer-sponsored medical, dental, vision, hearing, and prescription drug insurance policies with **pre-tax dollars**.



- ✓ NO CHANGE in current benefits
- ✓ Reduce your taxable income
- ✓ Money deducted pre-tax in the exact amount of your contributions
- ✓ SAVE up to 30% or more
- ✓ Increase your take-home pay

Choose to use **FLEX**ible Spending Reimbursement Accounts and **save**

- ✓ Choose the account(s) that best suit your needs and save up to 30%
 - ✓ Expenses for you, your spouse, and any dependents you claim on your Federal Income Tax Return, are eligible
 - ✓ Enroll in any or all accounts that your employer offers
 - ✓ Use Benetech's Worksheet (on the back cover) to help you calculate a Target Annual Election that you expect to spend on eligible expenses during your Plan Year
 - ✓ Set aside money before taxes are taken out of your paycheck
 - ✓ Use your debit card at the point of service, or submit claims for reimbursement as you incur eligible expenses
- ▶ **Premium Conversion/Premium Only Account**
 - Pay for your share of your employer-sponsored insurance plans on a pre-tax basis.
 - ▶ **(Unreimbursed) Medical Account**
 - Pay for expenses that are NOT covered by your insurance plans such as medical, dental and Rx co-pays and/or deductibles with pre-tax dollars
 - Immediate reimbursement up to your annual election
 - ▶ **Dependent Day Care Account**
 - Pay for qualified day care services with pre-tax dollars
 - Expenses for children up to age 13, and for disabled and elderly dependents are eligible
 - Can only be reimbursed up to the balance of your account and services must be fully rendered

How does **FLEX** work?

| | Using After Tax Dollars | Using Pre-tax Dollars |
|----------------------------|-------------------------|-----------------------|
| Gross Annual Income | \$40,000 | \$40,000 |
| Pre-tax Eligible Expenses | N/A | \$2,000 |
| Taxable Income | \$40,000 | \$38,000 |
| Estimated Taxes | \$11,200 | \$10,640 |
| Income After Taxes | \$28,800 | \$27,360 |
| Post-tax Eligible Expenses | \$2,000 | N/A |
| Take Home Pay | \$26,800 | \$27,360 |
| Annual Savings | N/A | \$560 |

FLEX FAQs

1. What is the purpose of the Plan?

The purpose of the Plan is to permit eligible employees to defer part of their salary on a pre-tax basis to pay their insurance premium and eligible out-of-pocket expenses.

2. What benefits are offered through the Plan?

Typically, three kinds of benefit are offered through the Plan; a "Premium Conversion Benefit", "Dependent Care Spending Account", and a "Medical Spending Account". These benefits are explained in more detail below. See your *Summary Plan Description* for more plan-specific details.

3. What is the Premium Conversion Benefit?

The Premium Conversion benefit, often referred to as "Premium Only," allows you to pay your share of your employer-sponsored insurance plans on a pre-tax basis.

4. How does the Medical Spending Account Benefit work?

Once you have determined your annual predictable medical expenses for the plan year, you elect to defer a portion of your salary into a medical spending account maintained on your behalf. You should take into account your health insurance deductible and co-payments, as well as uninsured medical, dental, vision and hearing care expenses. Generally, the expenses covered must be

"medically necessary" as determined by a doctor.

5. What else should I know about the Medical Spending Account Benefit?

The IRS imposes certain restrictions on medical spending accounts, including the following:

- Authorized salary reductions for your medical spending account may not be changed for the rest of the Plan Year unless you have a qualifying event.
- * Please see note below
- You will forfeit all unused funds in your medical spending account at the end of the Plan Year. This is known as the "use it or lose it" clause. Unused balances may not be carried over to the next year or converted to cash. For this reason, you should estimate your anticipated medical expenses for the year conservatively.
- You will be eligible to be reimbursed for eligible expenses up to your full annual election at any time throughout the Plan Year, regardless of the balance of your account.

6. What is the maximum amount of salary I can deposit per pay period to a Dependent Care Spending Account?

If you are married and file a joint tax return, the maximum you may deposit to a Dependent Care Spending Account is \$5,000 per Plan Year. If you are a single parent, or married and file separately, the maximum is \$2,500 per Plan Year.

7. How often will claims be paid under the Dependent Care Spending Account?

Claims are processed as they are received, but, unlike the Medical Spending Account, participants may only be reimbursed 1) up to the balance of their account, and 2) after the services are fully rendered.

8. Can I change my election during the Plan Year?

Generally, you may not change or vary your elections during the Plan Year. However, you may change your elections during the annual enrollment period for the coming Plan Year. The Plan Administrator will advise you when you may elect or change your elections for the upcoming Plan Year.

There is an important exception to this general rule: You may change or revoke your election at any time during the Plan Year if there is one or more of the following significant changes in your family status. Such changes include:

- Your marriage or divorce;
- Birth or adoption of your child;
- Death of your spouse or child;
- Termination of your spouse's employment;
- Change in the employment status of either you or your spouse from full-time to part-time or vice-versa;
- An unpaid leave of absence by you or your spouse.

* Please note the District Plan provides for a \$500 carryover. Contact Trisha Jansen at x7232 for more details.

Examples of eligible expenses

Please call Benetech® to verify eligibility of an expense prior to the start of your plan year.

Examples of Eligible Medical Expenses

- Acupuncture
- Alcoholism treatment
- Ambulance services
- Artificial limbs
- Braille books
- Chiropractors
- Contact lenses and supplies
- Contraceptives (by prescription)
- Co-pays
- Crowns, bridges and dentures
- Crutches
- Deductibles
- Dental cleanings
- Dermatologists
- Eye examinations
- Fillings
- Glasses
- Hearing aids and batteries
- Home health care
- Home improvements for medical purposes
- Hospital bills
- Insulin and syringes

- Laboratory fees
- Lasik surgery
- Mammography
- Mental health care
- Nursing (RN/LPN)
- OB/GYN Examinations
- Orthodontia
- Orthopedic shoes and braces
- Over-the-counter drugs*
- Physicals
- Physical therapy
- Prescriptions
- Psychiatric services
- Seeing eye dogs and upkeep
- Sterilizations and reversals
- Substance abuse treatment
- Surgical expenses
- Telephone equipment for the deaf
- Transportation for medical purposes
- Well-child care
- Wheelchairs
- X-rays

*Effective 1/1/11, subject to Federal Health Care Reform Act provisions.

Examples of Eligible Dependent Day Care Expenses

- Babysitters (daytime only)
- Before/After school programs
- Day care
- Elder care centers
- Nursery school
- Summer day camps

This is not a full list of eligible expenses. Please refer to your Summary Plan Description for further details.

If a specific item or service is not listed, please contact Benetech® for verification of eligibility at 518.283.8500 or 800.698.4753.

Your **FLEX**ible Spending Account worksheet

This worksheet will help you determine your annual out-of-pocket costs for each account.

| Unreimbursed Medical Account | Annual | | Annual | Dependent Day Care Account | Annual | Premium Conversion Account | Annual |
|------------------------------|----------|---------------------|----------|----------------------------|----------|----------------------------|----------|
| Deductible(s) | \$ _____ | Check-up/exam | \$ _____ | Day babysitters | \$ _____ | Health* | \$ _____ |
| Co-pays | \$ _____ | Orthodontia | \$ _____ | Day care centers | \$ _____ | Vision* | \$ _____ |
| Co-insurance | \$ _____ | Monthly treatments | \$ _____ | Elder care | \$ _____ | Dental* | \$ _____ |
| Prescription drugs | \$ _____ | Dentures | \$ _____ | Day camp | \$ _____ | Other | \$ _____ |
| Special equipment | \$ _____ | Bridgework | \$ _____ | After-school programs | \$ _____ | | |
| Physicals | \$ _____ | Partial plates | \$ _____ | Nursery school | \$ _____ | | |
| Medical travel costs | \$ _____ | Eye exams | \$ _____ | Other | \$ _____ | | |
| Hearing aids | \$ _____ | Contacts & supplies | \$ _____ | | | | |
| Other | \$ _____ | | | | | | |

*Amount deducted from your pay