

**You can make more
money this year...**

**with the
Flexible Benefits
Plan!**

Take advantage of your company's

Flexible Benefits Plan

and take home more money.

A Flexible Benefits Plan helps your paycheck buy more!

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 health-care 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.

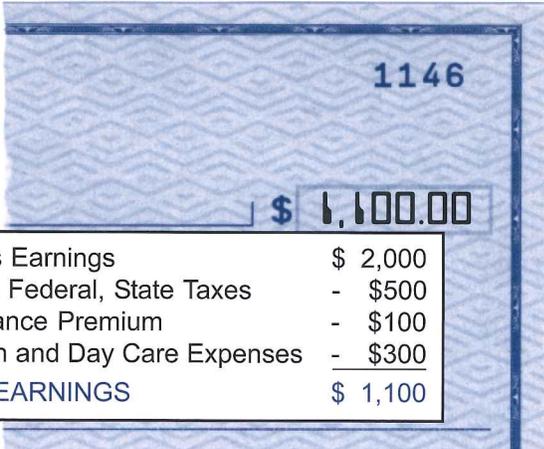
Reimbursable expenses can include:

- 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
- Adult & Child Daycare services
- And more!

Here's how it works...

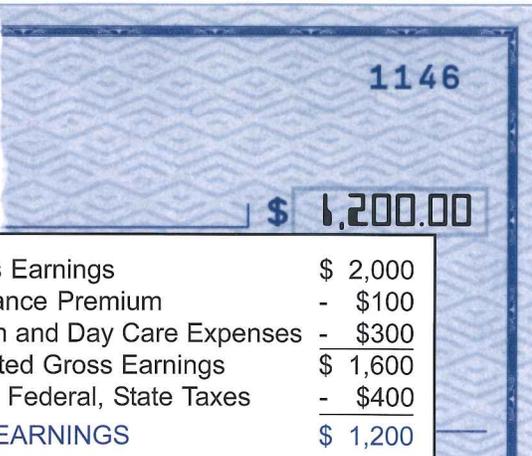
Example: An employee makes \$2,000 each month and decides to participate in her employer's Flexible Benefits Plan. As a result, her insurance premiums and health and daycare expenses are paid with tax-free dollars, giving her an additional \$100 each month!

Without the Plan



Gross Earnings	\$ 2,000
FICA, Federal, State Taxes	- \$500
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
NET EARNINGS	\$ 1,100

With the Plan



Gross Earnings	\$ 2,000
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
Adjusted Gross Earnings	\$ 1,600
FICA, Federal, State Taxes	- \$400
NET EARNINGS	\$ 1,200

It's as easy as...

1 Carefully read this material and choose which options make sense for you to participate in.

2 Determine how much you expect to spend during the year for each option.

3 Complete the attached Participation Form and return it to your Human Resources Department.

Step I: Your Options

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

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

Dependent care expenses are those that are necessary for you and your spouse (if married) to be gainfully employed.

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 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: Additional Benefit

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

IV: Premium Savings Account

This account allows you to pay for your employer-provided health and other insurance premiums with tax-free dollars. 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.

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

Medical (1)*

Deductibles \$ _____
Co-payments \$ _____
Doctor visits \$ _____
Prescriptions \$ _____

Other \$ _____
Total \$ _____

Vision (2)

Exams \$ _____
Eye Surgery \$ _____
Lenses/Frames \$ _____
Contacts \$ _____
Solutions \$ _____
Other \$ _____
Total \$ _____

Dental (3)*

Routine Check-ups \$ _____
Fillings/Crowns \$ _____
Orthodontics \$ _____
Other \$ _____
Total \$ _____

Dependent Daycare Expenses

Children \$ _____
Adults \$ _____
Total \$ _____

Other Reimbursable Expenses**

Total \$ _____

Estimated Annual Expenses and Tax Savings

Total Healthcare Expenses (add 1 + 2 + 3) \$ _____
Total Dependent Daycare Expenses \$ _____
Total Other Reimbursable Expenses \$ _____
Total Expenses \$ _____
Tax Bracket Percentage (see below) _____ %
Annual Tax Savings \$ _____
(multiply total expenses by tax bracket percentage)

Savings Amount Per 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.

If your annual household earnings are:	Estimated tax rate is:
Less than \$30,000	25%
\$30,000 to \$40,000	29%
\$40,000 to \$70,000	31%
Greater than \$70,000	33%

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.

IMPORTANT INFORMATION

What is a Flexible Benefit Plan?

It's a benefit provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying income taxes. Then, during the year, you can use funds in the account to pay for qualified medical or daycare expenses with the untaxed dollars.

What are the benefits of participating in a Flex Plan?

Your biggest benefit is saving payroll withholding taxes. What that means to you is that you'll save \$25 - \$40 on every \$100 you budget to pay for qualified expenses with the money in your flexible benefit account. That's because you don't pay taxes on the money you set aside each pay period for your flex account. (Your savings are based on the percentage of payroll taxes you would have paid, had you not put your money into a flex account.) **Effective for plan years beginning on or after January 1, 2013 participant salary reductions to your Health Care FSA may not exceed \$2,500. Salary reductions (contributions) to your Health Care FSA limit may be less, review your Summary Plan Description (SPD) for contribution levels.**

What expenses qualify for payment with my Flex Dollars?

Most qualified expenses are for goods or services that you'll buy anyway. They include health care costs such as co-pays and doctor's fees; prescribed over-the-counter (OTC) drugs and medications; dental and eye care expenses; and day care expenses for dependents so you can work.

How do I pay for qualified expenses?

You fill out a claim form found online at www.myflexonline.com or use the claim form and instructions provided by your employer. Simply complete the form and attach copies of the healthcare or dependent care bills, then fax or mail the form to PACETPA. Within a week or so you will receive your Tax-Free reimbursement. Your payment options are check or direct deposit. If your employer has set up the debit card option (Take Care Visa) you may simply swipe your card for qualified expenses and the amount will be deducted from your account. Note: when using the Take Care Card you must keep all receipts in case of an audit. Debit card users will only need to file a claim when purchasing prescribed OTC items or when the merchant does not accept your debit card.

How does money get deposited into my account?

Through regular payroll deductions. It's that simple. Estimate how much you spend annually on the expenses that qualify to be paid from your flex account, then enroll! (See worksheet on page 3 of this booklet.)

How do I know how much is available for me to spend?

Your balance and other account details are always available online @ www.myflexonline.com or by calling our office. 877-458-8888

Must money be deposited in my account before I pay expenses or file a claim?

NO. The entire annual amount you elect for the Health Flexible Spending Account (FSA) is available on the first day and through-out

the plan year. However, funds in the dependent care account are available only when they are deposited into your account.

I already have health insurance. Why should I participate in the Flexible Benefit Plan for medical expenses?

This account is used to pay for expenses not covered by insurance. These include co-pays, prescribed OTC medications, glasses, contacts, orthodontics, and prescription drugs, just to name a few.

I don't use my employer's health insurance. Can I still save?

YES. You can still set aside money through regular payroll deductions (before taxes are taken out) to budget and pay for qualified expenses. Remember, a qualified expense paid from this plan cannot be reimbursed from another plan.

I take a dependent care credit on Form 1040. Will this Dependent Care Account save more?

The more you earn, the more you'll save. In addition, you'll also save social security tax (FICA) with a Dependent Care Account; don't wait until April 15 to take the credit. Now you can save taxes on every paycheck. Which is best for you? Visit our website and use the easy calculator to determine your savings or contact your tax advisor.

If I set aside part of my paycheck, won't I make less money?

NO. For every dollar you set aside to pay qualified expenses, you save FICA, federal income tax and (where applicable) state withholding. Your net take-home pay will increase by the taxes you save. Plus, when you pay a qualified expense or receive a cash reimbursement, it's TAX-FREE.

Can I change my contributions during the year?

Only if you have a qualifying change in status such as marriage, birth, adoption, or a change in your spouse's employment status or a dependent's change in status.

What if I don't use all of the money in my account?

Generally, unused balances may not be paid to you in cash or used in a later year. However, for the Health FSA or Dependent Care Account, your employer may have elected to allow you to incur expenses up to 2 ½ months after the plan year end and use the remaining plan year balance to reimburse those expenses.

What happens to my account if I terminate employment?

You may request reimbursement from your FSA for qualified expenses incurred prior to your termination. Check your Summary Plan Description for additional rights provided by your employer's plan.

Are there any negatives that I should know about?

Because you may not pay social security tax on the amount of gross pay you set aside for qualified expenses, your social security benefits at retirement may be slightly reduced. However, most tax advisors recommend taking advantage of current tax-savings opportunities. Also, if disability insurance is paid on a pre-tax basis, any future benefits you receive will be taxable.

WWW.MYFLEXONLINE.COM

559-436-6606
559-436-4850 FAX

The following healthcare expenses qualify for reimbursement under Flexible Spending Account (FSA) plan*

Only healthcare expenses not reimbursed by insurance or any other Plan can be claimed.

Acupuncture	Endodontist fees	Oxygen
Alcoholism treatment	Eyeglasses prescribed by Dr.	Periodontist fees
Ambulance	Eye Exams	Physician fees
Artificial limbs	Eye surgery (LASIK, cataracts)	(Cosmetic procedures not covered)
Chiropractors	Hearing Aids & batteries	Podiatrist fees
Christian Science practitioner's fees	Home health care	Prescribed medicines
Contact lenses and supplies	Hospital bills	Psychiatric care
Co-payments for Dr's, Dentists, vision copays and Rx's	Insulin	Psychologist fees
Costs for physical or mental illness	Laboratory fees	Psychiatrist fees
Crutches	Laser eye surgery	Radiology
Deductibles	Office visits	Routine physicals
Dental fees excluding cosmetic procedures	Obstetrics and fertility treatments	Surgical fees
Dentures	Oral surgery	Wheelchair
Diagnostic fees	Orthopedic devices	X rays and MRI costs
Drug and medical supplies (syringes, needles etc.)	Osteopath fees	

Over the counter items rules are changing as of January 1, 2011

OTC requiring a physician's letter indicating a medical condition making the item necessary

Acid controllers
 Allergy and sinus meds
 Antibiotic products
 Anti- diarrheas
 Anti gas relievers
 Anti itch & Insect bite
 Anti parasitic treatments
 Baby rash ointments
 Cold sure remedies
 Cough, Cold & Flu meds
 Digestive aids
 Feminine anti fungal/anti itch
 Hemorrhoid creams
 Laxatives
 Motion sickness
 Pain relief
 Respiratory treatments
 Sleep aids a sedatives
 Stomach remedies

OTC items remaining unchanged

Band aids
 Birth control
 Braces & supports
 Catheters
 Contact lens supplies
 Denture adhesives
 Diagnostic test & monitors
 Elastic bandages & Wraps
 First aid supplies
 Insulin & Diabetic supplies
 Ostomy Products
 Reading glasses
 Wheelchairs, walkers & canes

Healthcare expenses that will not qualify for reimbursement under the FSA Plan

Cosmetic surgery and procedures
 Dental bleaching
 Hair restoration including procedures, drugs or meds
 Health club or gym memberships for general health purposes
 Marriage and family counseling
 Weight loss programs for general health
 Mail order Rx's from another country
 Premiums you or your spouse pay for insurance coverage are not reimbursable they are pre-taxed through your company sponsored premium only plan
 Late fees incurred

CHANGES TO OVER-THE-COUNTER ELIGIBILITY FOR REIMBURSEMENT

Under the Patient Protection and Affordable Care Act, OTC drugs, medicines and biologicals will continue to be eligible for reimbursement as long as the request is accompanied by a doctor's prescription. This means items such as cough medicines, pain relievers, acid controllers, and diaper rash ointment will now require a doctor's prescription to be submitted along with the reimbursement request. Insulin and other OTC items, such as band-aids, will continue to be eligible without a prescription.

Since this change applies to all expenses incurred on or after January 1, 2011 it will affect all plans and participants at the same time, regardless of the plan year.

OTC drug expenses incurred on or after January 1, 2011 will require a doctor's prescription in order to be reimbursed under a health FSA, HRA or HSA. Expenses incurred prior to January 1, 2011 will not. For example, for a calendar year plan with a claim-it-by date of March 31, 2011, an OTC drug purchased on December 31, 2010, could be submitted before a plan's claim-it-by date of March 31, 2011, and still be reimbursed without a prescription.

This provision will also impact the use of all health care debit cards. Beginning January 1, 2011, merchants who are IAS certified will need to modify the list of items eligible for payment. This is because of the doctor's prescription requirement. Purchases of OTC drugs, medicines and biologicals will require another form of payment and then the employee can electronically submit a claim along with the doctor's prescription for the OTC drug, medicine or biological purchased. This change affects only OTC drugs, medicines and biologicals – bandages, home health-aids and other OTC items will still be eligible and can be purchased using the card without further documentation.

Though the specific list of items affected has not been completely assessed, the following categories of items will require a doctor's prescription and thus, cannot be purchased using a health care debit card:

- Acid Controllers
- Allergy and Sinus
- Antibiotic Products
- Anti-Diarrheas
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-parasitic Treatments
- Baby Rash Ointments/Creams
- Cold Sore Remedies
- Cough, Cold & Flu
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch
- Hemorrhoidal Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

The following are examples of some of the items that will remain available without a doctor's prescription:

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Contact Lens Supplies & Solutions
- Denture Adhesives
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes