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AMERIFLEX



## Your Key to Savings

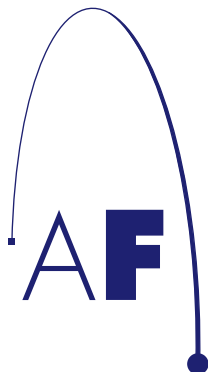
**F S A   E N R O L L M E N T**

**K I T**

### A Plan That Enhances Your Benefits

If you're one of the many people who spend money on medical expenses or day care for dependents, a Flexible Spending Account (FSA)—Medical or Dependent Day Care—can make these expenses more affordable. One or all of these valuable benefits are available through your employer's flexible benefits plan.

*—Every year more than 48 million employees across the nation enroll in a FSA program.*



# E N R O L L M E N T   K I T

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## How the AmeriFlex Plan Works

If you participate, you will elect to have a specified amount of pre-taxed money deducted from your paycheck each pay period. These dollars are subtracted from your gross earnings before taxes and put into a flexible spending account to cover eligible out-of-pocket costs. Once you submit a claim for a qualified expense, you will be reimbursed from this account.

—Lower your taxable income; pay less tax; increase your take-home pay.

—Participation is the equivalent of getting a raise.

The following table illustrates how you save by participating in a Flexible Spending Account:

<b>Without This Plan</b>		<b>With This Plan</b>	
Gross pay (annual)	<b>\$30,000.00</b>	Gross pay (annual)	<b>\$30,000.00</b>
Tax deductions (@25%)	<b>\$ 7,500.00</b>	• Eligible Expense	<b>\$ 1,000.00</b>
Take-home pay	<b>\$22,500.00</b>	Taxable income	<b>\$29,000.00</b>
• Eligible Expense	<b>\$ 1,000.00</b>	Tax deductions (@25%)	<b>\$ 7,250.00</b>
New take-home pay	<b>\$21,500.00</b>	New take-home pay	<b>\$21,750.00</b>
		• Result (increased take-home pay)	<b>\$ 250.00</b>



## Eligible Expenses (Medical, Dependent Day Care)

### Medical Spending Account Eligible Expenses

A medical FSA is used to pay for healthcare expenses not covered under your medical or other insurance plan. The IRS determines eligible expenses. IRS-qualified expenses may include:

- Co-pays, deductibles, and other payments you are responsible for under your medical plan
- Charges that may not be covered by your medical plan such as:
  - Routine exams
  - Dental care
  - Orthodontia
  - Eyecare: Lasik, glasses, contact lenses
  - Hearing aids
  - Well-baby care
- Miscellaneous expenses such as:
  - Many over-the-counter drugs, e.g., pain relief, sleep aids, allergy treatments
  - Individual psychiatric or psychological counseling
  - Diabetic equipment and supplies
  - Durable medical equipment
  - Qualified medical products or services prescribed by a doctor

Some examples of ineligible expenses include insurance premiums, teeth whitening, prescription drugs for male-pattern baldness, and most cosmetic procedures. A more comprehensive list of [eligible medical and over-the-counter expenses](#) is available on AmeriFlex’s website. You can also refer to [IRS Publication 502](#) for the complete list of medical expenses eligible for reimbursement.

## Dependent Day Care Spending Account Eligible Expenses

With a Dependent Day Care Account, you can set aside pre-tax payroll deductions to reimburse the expenses associated with daycare for your qualified dependents. Eligible expenses must meet the following qualifications:

- The care of the dependent must enable you and your spouse to be employed.
- The amount to be reimbursed must not be greater than your spouse's income or your income, whichever is less.
- The child must be under 13 years old and must be your dependent under federal tax rules.
- The services may be provided in your home or another location, but not by someone who is your minor child or dependent for income tax purposes (for example, an older child)
- If the services are provided by a day care facility that cares for six or more children simultaneously, the facility must comply with state and local day care regulations.
- Services must be for the physical care of the child, not for education, meals, etc.

Qualified dependent care expenses also include costs for the care of a spouse or dependent who is incapable of self-care, regularly spends at least eight hours per day in your home, has gross income below the exemption amount in Code 151, is dependent on you for over half of their support, and is not anyone else's qualifying child (e.g., an invalid parent). The same rules that apply for child care apply to the care of other dependents, except the dependent need not be under age 13.

For more details on dependent day care eligible expenses, reference [IRS Publication 503–Child and Dependent Care Expenses](#), available on AmeriFlex's website.



## Funding Your Account

The maximum amount you can contribute to your FSA depends on the type of account you select. Your employer determines the maximum annual election for your Medical Flexible Spending Account while the government sets the maximum amount for your Dependent Day Care Spending Account.

### Determining Account Contributions

- **Medical:** Your employer determines the maximum allowable contribution for your Medical Flexible Spending Account. Within that maximum, you determine your contribution for yourself and your eligible dependents, based on expenses you expect to incur in the upcoming plan year. Your annual contribution is then divided by your number of pay periods and that amount will be deducted pre-tax each pay period.
- **Dependent Day Care:** The IRS has set the maximum allowable contribution per calendar year for a Dependent Day Care Spending Account as follows:
  - \$5,000 for a married couple filing jointly
  - \$5,000 for a single parent
  - \$2,500 for a married person filing separately

### The Use-It-or-Lose-It Rule

If you contribute dollars to a reimbursement account and do not use all the money you deposit, you will lose any remaining balance in the account at the end of the eligible claims period. A very important thing to remember is that the rule exists because the IRS has established strict guidelines for plans with tax advantages.



## Claims Process

To be reimbursed for any expense, you must first file a claim. You can file a claim in two ways, either manually or electronically. To file a claim manually, simply complete a claim form and mail or fax it to AmeriFlex along with substantiation of the claim. Acceptable forms of substantiation include itemized receipts and the Explanation of Benefits (EOB) from your insurance carrier.

Information required on all claim requests include: the date of service, the product or service description, prescription drug names and numbers, the total dollar amount being requested, the service provider's name, and in the case of dependent day care requests, the provider's signature and Tax ID or social security number.

When you submit a claim by fax or mail, your reimbursement will either be mailed or direct deposited into your bank account, whichever you prefer. To eliminate the hassles of paper, faxing, and the time delays of mailing, simply use your AmeriFlex Convenience Card<sup>sm</sup>.



SMART  
SIMPLE  
and Convenient



### The AmeriFlex Convenience Card<sup>sm</sup>

The AmeriFlex Convenience Card<sup>sm</sup> is a MasterCard<sup>®</sup> debit card providing electronic access to your FSA funds. The card provides the convenience of a single debit card with access to all of your accounts.

Your AmeriFlex Convenience Card<sup>sm</sup> gives you easy access to the funds in your Flexible Spending Account(s). It works just like any other debit card with three important differences:

- First, its use is limited to specific merchants\* and to expenses deemed eligible by your plan.
- Second, you can not use it at an ATM or to obtain “cash back” when making a purchase.
- Third, you are not given a PIN with this card. Should a merchant or provider ask you for a PIN, simply explain that this card does not require one. If given the option between debit and credit at the terminal, choose “credit.”

\*Every merchant that accepts MasterCard<sup>®</sup> is assigned an MCC Code based on their type of business. Only a limited number of these codes apply to merchants providing products or services eligible for FSAs. Use of the AmeriFlex Convenience Card<sup>sm</sup> is limited to day care providers, medical care providers such as hospitals, doctors offices, optometrists, dentists, orthodontists and pharmacies or other merchants providing prescription and over the counter eligible products. In other words, your card cannot be used at non-qualified businesses such as gas stations, retailers, convenience stores, etc. For example: aspirin is an eligible expense in your Medical Flexible Spending account, however you cannot purchase aspirin at your local convenience store because that type of business does not have an eligible MCC code. You would need to purchase your aspirin at your local pharmacy or other qualifying business to use the card. However, under new regulations, if the merchant has an IRS approved inventory management system that provides SKU level data on the item, it can automatically determine if an expense is eligible, eliminating the MCC code restriction. Check with your local retailer to find out if they already have or may be adding this system.

## Your Card Account Balance and Transaction Receipts

- What if there's not enough money in my account?

If you charge more than the available balance in your account, the transaction will be denied. You can find your balance online at [www.flex125.com](http://www.flex125.com) or by calling AmeriFlex's Interactive Voice Response System available 24/7. Review your account balance regularly to avoid denied charges.

- Do I need the receipts?

Possibly—so please save all of your itemized receipts! For certain expenses, AmeriFlex may need additional information, including receipts, to verify eligibility of the expense and to comply with IRS rules. That's why it's important for you to save all receipts, then fax or mail them promptly if requested. Failure to comply could jeopardize the tax-exempt status of your account and cause the card to be deactivated.

## FSA Election Changes

### What If I Want to Make a Change to my FSA Election?

The latest set of cafeteria plan regulations develops a process for determining if a participant is allowed to make a change in election during the plan year. A change in status must have occurred and that event must fall into one of the following categories:

- Change in provider (DCSA only)
- Change in cost of day care (DCSA only)
- Change in legal marital status
- Change in number of dependents
- Change in employment status
- Change in work schedule (increase or decrease in hours)
- Dependent satisfies (or ceases to satisfy) requirements for eligibility

The election change must be consistent with the status change event. A change is consistent with the event for Medical Flexible Spending Accounts if the following occurs:

- The employee, spouse, or dependent is gaining or losing eligibility for health coverage.
- The election change corresponds with that gain or loss of coverage.

### Employee Termination/Claims Procedure

AmeriFlex will deactivate the terminated employee's AmeriFlex Convenience Card<sup>SM</sup> on the Date of Termination listed above. All claims incurred after the Date of Termination may be submitted via the Manual Claim Form for processing. "Participation" is defined as "making pre-tax contributions to the plan." Therefore, employees who have a Last Payroll Deduction Date occurring after the Date of Termination may continue to incur eligible claims through the Last Payroll Deduction Date. All manual claims will be processed from the date of Last Payroll Deduction Date for a period of 90 days or through the end of the Eligible Claims period (as defined in the Summary Plan Description), whichever occurs first.





## AmeriFlexRX

Leverage the purchasing power of your FSA even further with AmeriFlexRx. AmeriFlex's online drugstore clearly identifies FSA-eligible products, combining the ease of online shopping with the assurance that all purchases are FSA eligible. Even better, orders of \$15.00 or more are shipped for FREE, specially priced items provide extra savings, and all orders are shipped within two business days.

. . . AND NOW **START SHOPPING!**

—*Maximize your convenience and save time!*

## Two Assets That Work Even Better **IN TANDEM**



We've enhanced the purchasing power of the AmeriFlex Convenience Card<sup>sm</sup> by providing AmeriFlexRx, AmeriFlex's online drugstore. AmeriFlexRx clearly identifies FSA-eligible products for employees, combining the ease of online shopping with the assurance of an automated system for substantiation of FSA claims.

- Convenient 24/7 access
- All purchases are FSA eligible
- All claims are automatically substantiated
- Even deeper discounts with AmeriFlexRx Value Brand
- Free shipping on orders over \$15.00
- Items are shipped within two business days



## Tax Implications

### Will Pre-taxing have an impact on social security benefits?

Reductions in your taxable pay may lead to a reduction in Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

### Dependent Day Care Tax Filing

On your tax return you must report the correct name, address, and taxpayer identification number (TIN) of your dependent care provider. If your dependent care provider is exempt from federal income taxation, you are not required to report the TIN, however, you must report the correct name and address of the exempt provider and write "tax-exempt" in the space provided for the TIN.

### Tax Credits vs. Dependent Care Spending Accounts

If you participate in a Dependent Care Spending Account, you cannot claim credits on your income tax return for the same expenses. Also, any amount reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you enroll in a DCSA, evaluate whether the federal income tax credit or the Dependent Care Spending Account is best for you. Refer to the Following Federal Tax Forms and Publications for more information (available at [www.irs.gov](http://www.irs.gov)):

- [Form 2441](#) (Child and Dependent Care Expenses)
- [Form 1040 Schedule EIC and IRS Publication 596](#) (Earned Income Credit)
- [Form 8812 and IRS Publication 972](#) (Child Tax Credit)
- [Frequently Asked Questions](#)

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C O N T A C T

I N F O R M A T I O N



- **24X7 INTERACTIVE VOICE RESPONSE (IVR):** 888.868.3539 (option 2, option 2 for automated account balances and claims status)
- **TOLL-FREE PHONE:** 888.868.3539 (option 2, option 3, 8:30 am to 5:30 pm E.S.T.)
- **WEB:** www.flex125.com (select Employees from the Flex menu, then view your account activity)
- **EMAIL CUSTOMER SERVICE:** service@flex125.com
- **FAX:** 856.631.1020
- **MAIL:** 303 Fellowship Road, Suite 201, Mount Laurel, NJ 08054

