



Health Care Flexible Spending Accounts

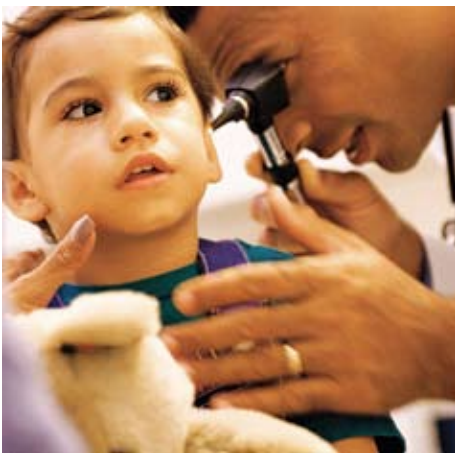


The Value of Health Care Flexible Spending Accounts

A Health Care Flexible Spending Account (FSA) provides tax-exempt funds you can use to pay for eligible healthcare expenses that are not covered, or only partially covered, by your medical, dental and vision insurance plans. Uncovered expenses such as deductibles, co-payments, insurance differentials and over-the-counter medications can mean significant costs are still being paid directly from your pocket.

Reduce your essential healthcare expenses by 20% - 40%

Because your FSA contributions are exempt from Federal income tax, Social Security taxes (FICA) and, in most cases, state income tax, you can save 20% - 40% on health services and products you have to purchase every day. While your actual savings is based on your individual tax rate, let's look at some potential yearly savings for a family of four at a 30% tax rate:



	Your Out-of-Pocket Cost	Net Cost to You	Tax Savings with the FSA
Deductibles (2 adults, 2 children)	\$2,000	\$1,400	\$600
Prescription Co-payments	\$360	\$252	\$108
Doctor's Co-payments	\$480	\$336	\$144
Orthodontia	\$5,000	\$3,500	\$1,500
Over-the-counter medications	\$750	\$525	\$225
		Total Savings:	\$2,577

For an average family of four, and just on these few expenses, that's an annual savings of over \$2,500 per year! With the cost of living rising every day, think about the impact that kind of savings can have on your household budget.



- Save 20% - 40% on expenses not covered by insurance
- Reduce your income taxes
- Receive reimbursement on an extensive list of eligible expenses
- Fund your account with simple paycheck deductions

Plan Your Contributions

The key to getting the most from your FSA is to maximize your contributions based on the expenses you expect to incur during the benefit year. To plan your contributions, just follow these simple steps:

- Review the list of eligible expenses on the FSA website
- Review your healthcare expenditures from last year
- Write down any new eligible expenses you anticipate during the benefit year (new medications, scheduled surgery, changes in insurance coverage, orthodontia, etc.)
- Be sure to include insurance plan deductibles
- If desired, set aside a little extra “padding” for those unexpected expenses. If you don’t incur any unexpected expenses, you can use those funds to purchase contact lenses, prescription sunglasses, an extra pair of eyeglasses or any over-the-counter items you may need.
- Then estimate your cost for each of these expenses. The total of your individual estimates is what you should contribute to your FSA.

You may be surprised by how much of your healthcare costs are actually paid out of your pocket.

It is also important to remember that an FSA is not a savings account. You must use all of your contributions each year or risk losing any unused balance at the end of the benefit year. So, base your contributions on what you expect to be able to spend on eligible expenses during the benefit plan year. If needed, contribution planning assistance can be located on the FSA website.

Note: Your employer determines the minimum and maximum amount you may contribute to the Health Care FSA. Be sure to verify your employer’s plan limits before enrolling in the plan.



Coverage Eligibility

You may enroll in your employer’s FSA plan even if you receive insurance coverage through your spouse’s employer. And your FSA funds can be used to cover eligible expenses for all your qualified dependents.

Eligible Expenses

Because the Health Care FSA is funded with pre-tax dollars, the Internal Revenue Service determines the expenses that are eligible for reimbursement. The list of eligible expenses is extensive and is updated often. If you are uncertain about whether or not an expense qualifies for reimbursement, you should verify its eligibility before incurring the expense. A current list of IRS-approved expenses can be located on the FSA website.

It’s All Yours

Your employer provides the Flexible Spending Account at no cost to you ... no setup fees, no premiums or membership fees, no hidden fees. And, as a special advantage with the Health Care FSA, you have immediate access to your entire election amount from the first day of the benefit year ... before all your contributions have been made.

Opening Your Account

It’s as simple as 1-2-3 to begin contributing to your new Health Care FSA

- 1** Plan your contributions. Use the More On Health Care link on the FSA website for contribution planning assistance.
- 2** Enroll in the Health Care FSA during your annual enrollment or new hire election period.
- 3** Review your account through the FSA website soon after the plan year begins and at least monthly thereafter.

Your payroll contributions to your new FSA account will begin with the new benefit year or according to your employer’s plan documentation.

Visit the FSA website at www.flexdirect.adp.com to learn more about Flexible Spending Accounts.



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