

IT'S AS EASY AS...

1. BUDGET

2. ENROLL

3. SAVE

If you don't enroll, you won't save! It's that simple.

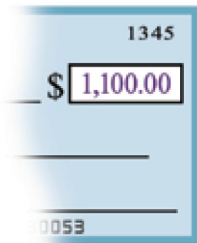

Here's How
The Flex Benefit
Plan Works



Increase Your Spending Power with *Tax Free Dollars*

Your Flex Benefit Plan allows you to set aside dollars each year from your paycheck to pay for qualified health and dependent care expenses. These dollars are deducted from your wages before any income or social security taxes are paid. By using this tax savings plan, you will not only notice an increase in your take home pay, you will also have access to a reimbursement account throughout the year to pay your qualified expenses.

While everyone is different, they all enjoy big tax savings. Worried about not using all the money you put in your account? We'll remind you to make your purchases before the year ends. Relax and enjoy the tax savings and increased take-home pay. Here's an example of how a typical employee's take-home pay will increase as a result of participating in the flex benefit plan. An employee makes \$2,000 each month and decides to participate in her employer's plan. She pays her insurance premiums and health and daycare expenses through the plan with tax-free dollars – and she saves \$100 each month!

HER PAYCHECK WITHOUT THE PLAN			HER PAYCHECK WITH THE PLAN		
Salary	\$2,000		Salary	\$2,000	
FICA, federal & state taxes	-\$500		Insurance premium*	-\$100	
Insurance premium	-\$100		Health & daycare expenses*	-\$300	
Health & daycare expenses	-\$300		Adjusted earnings	\$1,600	
Net pay without the plan	\$1,100		FICA, federal & state taxes	-\$400	
			Net pay with the plan	\$1,200	
			*Paid through the plan		

Contribution Maximums for Each Benefit are Based on a Plan Year

OPTION 1 – HEALTHCARE ACCOUNT

Flexible Spending Account (FSA) – Your employer sets the annual maximum contribution amount for the FSA. Check with your employer or review your Summary Plan Description (SPD) for contribution limits to the FSA. The SPD is provided to you by your employer.



LIMITED FLEXIBLE SPENDING ACCOUNT (LFSA)

Available only if you elect to enroll in an HSA (Health Savings Account). The LFSA is in addition to the HSA account and is limited to paying only qualified dental and/or vision expenses that are not covered by your employer's health plan or any other health plan. Your employer sets the annual maximum contribution amount or the LFSA. Check with your employer or review your Summary Plan Description (SPD) for contribution limits to the LFSA.

OPTION 2 – DEPENDENT DAYCARE / ELDER CARE ACCOUNT

This pays for daycare expenses for a dependent child, adult or elder, so that you may work. **Eligible services include:** *Nursery school, nanny and/or before/after school care thru age 12, daycare for a disabled adult or child, elder daycare for parent or dependent, and day camp through age 12.* The IRS sets the annual maximum contribution amounts for the Dependent Daycare/Elder Care Account. Maximum amount per calendar year is the lesser of: (1) \$5,000 for married filing joint or \$2,500 for married filing separate, (2) your spouse's total annual compensation or (3) half of your total annual compensation. If you are single, the maximum amount is \$5,000.

OPTION 3 – PRE-TAX PREMIUM ACCOUNT

This pays for your employer-sponsored insurance premiums on a pre-tax basis. Eligible expenses include health, dental, and vision. Other insurance premiums may qualify. Check with your employer or review your Summary Plan Description (SPD).

Common Qualified and Non-Qualified Items for Option 1 Health Care Account and Option 2 Dependent Daycare / Elder care Account

Qualified Health Expenses

Acupuncture
Adhesive or elastic bandages
Alcoholism and drug treatment
Ambulance
Artificial limbs, braces, and teeth
Breast pumps and lactation supplies
Chiropractors
Christian Science practitioner's fees
Cold or hot compresses
Contact Lenses, solutions, eye drops and supplies
Co-Payments (doctor, dental, vision, pharmacy)
Costs of physical and mental illness confinement
Crutches and canes
Deductibles
Dental fees (cosmetic procedures not eligible)
Dentures and denture adhesive
Diabetic supplies
Diagnostic fees
Doctor fees, office visits, co-pays, deductibles
Drug and medical supplies (syringes, needles, ect)
Emergency room visits
Endodontists fees
Eyeglasses prescribed by your doctor
Eye examinations fees
Eye surgery (cataracts, LASIK, ect)
First Aid bandages, gauze, gloves and masks
Glucose meters
Hearing devices and batteries
Home health care
Hospital bills
Incontinence supplies
Insulin
Laboratory fees
Laser eye surgery
Leg or arm braces
Medical alert bracelets and fees
Office visits
Obstetrics and fertility fees
Optometrist and ophthalmologist fees
Oral Surgery
Orthodontic fees
Orthopedic devices
Osteopath fees
Oxygen
Periodontist fees
Personal Test Kits - pregnancy, ovulation, cholesterol
Physical therapy
Physician fees
Podiatrist fees
Prescribed medicines
Psychiatric care
Psychologist and psychiatrist fees
Radiology
Routine physicals and other non-diagnostic services or treatments
Smoking cessation programs
Speech therapy
Surgical fees
Thermometers
Travel to doctors and health care facilities
Weight loss surgery
Wheelchair and walkers
X-rays and MRI

Dependent Care Expenses so you can Work

Nanny & babysitter*
Pre-K or nursery school
Before – or after-school care*
Day camp*
Daycare for a disabled adult or child
Elder daycare for parent or dependent

*For dependents age 12 and under

Dual Purpose Items Requiring a Letter of Medical Necessity

These items require a Letter of Medical Necessity to be completed by your healthcare provider who has prescription writing authority. This form can be downloaded from our website.

Arches and orthopedic shoes
Bedpans and ring cushions
Blood Pressure Monitor
Boost / PediaSure
Elevated toilet seat
Foot Spa
Herbs
Humidifiers and vaporizers
Massagers
Massages
Minerals
Multivitamins
Reconstruction surgery in connection with a birth defect, disease or accident
Shower bars and safety handles
Special Supplements
Special school for disabled child
Therapeutic support gloves
Vitamins
Weight loss programs and fees pertaining to a specific disease
Wigs for hair loss caused by Disease

Over-the-Counter Items Items marked (Rx) require a doctor's prescription.

Antiseptics
• Antiseptic wash or ointment for cuts or scrapes (Rx)
• Antiseptic mouthwash (Rx)
• Benzocaine Swabs (Rx)
• Boric acid powder (Rx)
• First aid wipes (Rx)
• Hydrogen peroxide (Rx)
• Iodine tincture (Rx)
• Rubbing alcohol (Rx)
• Sublimed sulfur powder (Rx)
Cold, Flu, Asthma and Allergy Medications
• Allergy medications (Rx)
• Bronchodilator / Expectorant tablets (Rx)
• Bronchial asthma inhalers (Rx)
• Cold relief syrup, tablets and drops (Rx)
• Cough relief syrup, tablets and drops (Rx)
• Flu relief syrup, tablets and drops (Rx)
• Homeopathic sinus medications (Rx)
• Medicated chest rub (Rx)
• Nasal decongestant spray, drops or inhaler (Rx)
• Sinus and allergy nasal spray (Rx)
• Vapor patch cough suppressant (Rx)
Diabetes
• Diabetic lancets
• Diabetic needles
• Diabetic supplies
• Diabetic syringes
• Diabetic test strips
• Glucose meters
• Glucose tablets (Rx)
Ear/Eye Care
• Airplane ear protection (LOMN)
• Ear drops for swimmers (Rx)
• Ear water-drying aid (Rx)
• Ear wax removal drops (Rx)
• Homeopathic earache tablets (Rx)
• Contact lens solution
Health Aids
• Anti-fungal treatments (Rx)
• Denture adhesive
• Diuretics and water pills (Rx)

• Hemorrhoid relief (Rx)
• Incontinence supplies
• Lice control (Rx)
• Medicated bandages
• Motion sickness tablets (Rx)
• Respiratory stimulant ammonia (Rx)
• Sleeping aids (Rx)

Pain Relief

• Arthritis pain reliever (Rx)
• Bunion and blister treatments (Rx)
• Itch relief (Rx)
• Orajel® (Rx)
• Pain relievers, aspirin and non-aspirin (Rx)
• Throat pain medications (Rx)

Personal Test Kits

• Cholesterol tests
• Colorectal cancer screening tests
• Home drug tests
• Ovulation indicators
• Pregnancy tests

Skin Care

• Acne medications (Rx)
• Anti-itch lotion (Rx)
• Bunion and blister treatments (Rx)
• Cold sore and fever blister medications (Rx)
• Corn and callus removal medications (Rx)
• Diaper rash ointment (Rx)
• Eczema cream (Rx)
• Medicated bath products (Rx)
• Wart removal medications (Rx)

Stomach Care

• Acid reducers (Rx)
• Antacid gum, liquid and tablets (Rx)
• Anti-diarrhea medications (Rx)
• Gas prevention tablets and drops (Rx)
• Ipecac syrup (Rx)
• Laxatives (Rx)
• Pinworm treatment (Rx)
• Prilosec® (Rx)
• Upset stomach medications (Rx)

Non-Qualified Health Expenses

• Aromatherapy	• Low "carb" foods
• Baby bottles and cups	• Low calorie foods
• Baby oil	• Mail order prescriptions from another country
• Baby wipes and diapers	• Marriage and family counseling
• Blistex® / Chapstick®	• Mattresses and other common household furniture
• Breast enhancement system	• Over the counter items, drugs or medications that are not prescribed by your physician
• Cosmetics	• Petroleum jelly
• Cosmetic surgery, procedures and/or medications	• Shampoo and conditioner
• Cotton swabs	• Skin care
• Dental floss	• Spa salts
• Deodorants	• Student health fees
• Facial care	• Sun clips for prescription glasses
• Feminine care fragrances	• Sun tanning products
• Feminine hygiene products	• Teeth bleaching
• Food products	• Toothbrushes and toothpaste
• Hair restoration (procedures, drugs or medications)	• Veneers
• Health club or gym memberships for general health	• Weight loss programs for general health or appearance
• Insoles	
• Insurance	

IMPORTANT INFORMATION

What is the 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 expenses with the untaxed dollars.

What are the benefits of participating in a Flex Benefit 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.)

What expenses qualify for payment with my Flex Dollars?

Most qualified expenses are for goods or services that you'll buy anyway. They include healthcare costs such as co-pays and doctors' fees; dental and eye care expenses; and daycare expenses for dependents so you can work.

Do I need to file claim forms?

Yes, for all check and direct deposit reimbursements. Just complete a claim form, attach a copy of the receipt(s), then send to Advantage Administrators. You'll receive your TAX-FREE reimbursement in a short time. Even if you use your flex benefit card, you are required to keep receipts. Occasionally, you may be asked to provide documentation of purchases made with your flex benefit card.

How does money get deposited into my Flex Benefit 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!

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

Your balance and other details are always available online at www.advantageadmin.com or by calling the Automated Flex Hotline at 1-888-705-0608. In addition, Customer Services Representatives are available Monday - Friday 8am-5pm central time at 1-800-383-1623 or 319-352-1623.

Must money be deposited in my Flex Benefit 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 Health Savings Account (HSA) and dependent care accounts are available only when they are deposited into your account.

I already have health insurance.

Why should I participate in the Health FSA?

The Health FSA Account is used to pay for expenses not covered by insurance. These include co-pays, 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 (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. So 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 Web site and use our easy calculator to determine your savings.

If I set aside part of my pay, 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?

Generally NO, but there are certain situations that may qualify. For the Health FSA Account and Dependent Care Account, you can change your election if you have a change in status or a change in your employment or the employment of your spouse or a dependent. Please review your Summary Plan Description for more details.

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

Generally, unused balances will not be paid to you in cash nor can they be used in a later year. Some plans may allow a grace period; please check your summary plan description for details.

What happens to my account if I terminate employment?

You may request reimbursement for qualified expenses incurred prior to your termination. Please review 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.

Why are over-the-counter medications/drugs no longer flex-eligible?

Because of changes in Federal tax law, over-the-counter (OTC) medications and drugs are no longer flex eligible. In order to use your flexible benefit account to purchase OTC medications, drugs or treatments, you must have an actual prescription from your health care provider for the OTC medication. To be reimbursed for an OTC item, you must provide either (1) a copy of the prescription; or (2) a copy of a receipt showing the Rx number. You will be unable to use your Flex Debit Card when purchasing OTC medications, drugs and treatments even if a prescription is on record.

Advantage™
ADMINISTRATORS

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