

Flexible Benefits Plans Frequently Asked Questions

How do I get reimbursed for my expenses?

Once you have completed the enrollment form you will receive a claim form and instructions on how to file your claim. Simply complete the form, attach a copy of the healthcare or dependent care bill and mail or fax the form to Benefit Plans Plus. Within a short time you will receive your reimbursement.

Do I have to wait for the money to be deposited in my account in order to make a claim for reimbursement?

The annual amount you have allocated for the Healthcare Reimbursement Account is available to you at any time throughout the plan year. The amount available to you from your Dependent Care Reimbursement Account is the amount you have contributed to date.

How do I know how much is available in my accounts?

Each time you are reimbursed you will receive a statement attached to your reimbursement check that shows the dollar amount you have set aside as well as the amount you have been paid to date. You can login to your account at www.bpp401k.com.

What happens to my accounts if I terminate my employment?

You will be able to request reimbursement for healthcare and daycare expenses for services provided prior to your termination.

What if I don't use all of the money I set aside in my accounts?

Carefully review your estimated expenses before making the decision to participate. Any contributions that are not used during the plan year may not be paid to you in cash or used in a later plan year. You will have a grace period after the end of the plan year to submit your claim.

How do I benefit by participating?

Your biggest advantage is the tax savings. Every dollar you set aside in your account reduces your income taxes and you can be reimbursed for qualified expenses that you are already paying for.

What if I currently take the dependent care credit on my 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. The amount you deposit in your Dependent Care Reimbursement Account reduces the amount, dollar for dollar, that you can claim as a credit on your tax return. Contact your plan administrator for further information.

Are there any negatives that I should know about?

Yes, because you are not paying any social security tax on that portion of your income that has been redirected, your social security benefits may be slightly reduced.

What if I am not covered under my company's health insurance plan?

Good news! You and your family can still participate in the Healthcare or Dependent Care Reimbursement Accounts.



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Pay Fewer Taxes This Year



A Flexible Benefits Plan helps your paycheck buy more

It's As Easy As ...

- 1 Carefully read this material and choose options that make sense for you to participate in.
- 2 Determine how much you expect to spend during the year for each option.
- 3 Complete the enclosed enrollment form and return it to your HR Department.

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 healthcare and dependent daycare expenses.

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
- Medical expenses not covered by insurance
- Dental Services and Orthodontics
- Eyeglasses, Contacts, Solutions and Eye Surgery
- Dependent Daycare Services



What is a Flexible Benefits Plan?

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 be directly reimbursed from your account for qualified healthcare and daycare expenses.

Why should I participate in the FSA account when I already have health insurance?

An FSA account is used to pay for expenses not covered by insurance. For example, annual physicals, co-payments, eye exams, glasses, orthodontics, prescription drugs and hospital care to name a few.

Can I change my contributions during the year?

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

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

No. Your net take-home pay will increase by the amount of taxes you did not pay.

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		1025
Gross Earnings	\$2000	
FICA, Federal, State Taxes	-\$500	
Insurance Premium	-\$100	
Health and Day Care Expenses	-\$300	
NET EARNINGS	\$1,100	

With The Plan		1025
Gross Earnings	\$2000	
Insurance Premium	-\$100	
Health and Day Care Expenses	-\$300	
Adjusted Gross Earnings	\$1600	
FICA, Federal, State Taxes	-\$400	
NET EARNINGS	\$1,200	

Step One Your Options

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 you 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.

Dependent Care Reimbursement Account

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
- 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 HR Dept for further information.

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 Two 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*

Deductible _____

Co-Payments _____

Doctor Visits _____

Prescriptions _____

Other _____

Total (1) _____

Dental*

Routine Check-Up _____

Fillings/Crowns _____

Orthodontics _____

Other _____

Total (2) _____

*Cosmetic procedures like teeth bleaching and face lifts are not eligible expenses for reimbursement.

Vision

Exams _____

Eye Surgery _____

Lenses/Frames _____

Contacts _____

Solutions _____

Other _____

Total (3) _____

Dependent Daycare Expenses

Children _____

Adults _____

Total _____

Est. Annual Expenses and Tax Savings

Total Healthcare Expenses (Add 1+2+3) _____

Total Dependent Daycare Expenses _____

Total Expenses _____

Tax Bracket Percentage _____

Tax Estimate Table Based on a combination of social security, federal and state income taxes.

If your annual earnings are:	Est. Tax Rate:
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 annual tax rate.

Annual Tax Savings
(Multiply Total Expenses by Tax Bracket Percentage) _____

Savings Amount Per Paycheck
(Divide total expenses by number of paychecks you receive annually 52, 26, 24, 12) _____

Step Three Complete the Participation Form

Using the information you calculated in Step Two, complete the enrollment form and return it to your HR Department.