

STRETCH

Your Hard-Earned Dollars



Want 30% More?

A Flexible Spending Account can do just that!

What is a *Flexible Spending Account*? 

How does it work? 

How many dollars can I *STRETCH*? 

How can I spend the money? 

What Is A Flexible Spending Account?

BACKGROUND ON FLEXIBLE SPENDING ACCOUNTS

- ◆ Flexible Spending Accounts (FSA) allow you to pay for certain medical and/or dependent care expenses with pre-tax dollars
- ◆ Pre-tax deductions are generally withheld before Federal, State, Local, FICA or Medicare taxes are assessed on this income
- ◆ You can save about \$30.00 for every \$100.00 you elect to defer*

MEDICAL FLEXIBLE SPENDING ACCOUNT

- ◆ Helps you pay for healthcare expenses not covered or only partially covered by your health, dental or vision insurance
- ◆ Account can be used to pay expenses for you or any of your qualified dependents
- ◆ Funds in the account are available on the first day of the plan year or your effective date

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

- ◆ Helps you pay for certain dependent care expenses allowing you and your spouse (if applicable) to work
- ◆ Childcare expenses are eligible for children through age 12
- ◆ Disabled or elder daycare expenses are eligible, regardless of age



HOW FLEXIBLE SPENDING ACCOUNTS WILL SAVE YOU MONEY

When you elect to participate in a FSA, you will designate a specific amount of dollars to be deducted from your gross earnings (before tax) each pay period. By contributing pre-tax, you will lower your taxable income and increase your spendable income! In fact, you are using dollars you would have paid in taxes to help pay for your medical and/or dependent care costs. Below are some examples of how much YOU can save on everyday expenses:

Sample Health Care Expense	Your Cost Without a FSA	Your Cost With a FSA	Your Estimated Out-of-Pocket Savings*
Doctor Co-Pay	\$20.00	\$14.00	\$6.00
Specialist Co-Pay	\$30.00	\$21.00	\$9.00
PPN Generic Retail Rx Co-Pay	\$10.00	\$7.00	\$3.00
HMO Brand Retail Rx Co-Pay	\$25.00	\$17.50	\$7.50
Monthly Diabetic Supplies	\$100.00	\$70.00	\$30.00
Monthly Orthodontic Payment	\$125.00	\$87.50	\$37.50
Eyeglasses	\$300.00	\$210.00	\$90.00
Laser Eye Surgery	\$2,500.00	\$1,750.00	\$750.00

Sample Dependent Care Expenses	Your Cost Without a FSA	Your Cost With a FSA	Your Estimated Out-of-Pocket Savings*
Daycare for child under age 13	\$5,000.00	\$3,500.00	\$1,500.00
Before/after school care	\$4,000.00	\$2,800.00	\$1,200.00
Summer camp	\$2,400.00	\$1,680.00	\$720.00

*Assuming a combined Federal, State, FICA and Medicare rate of 30%

How Does It Work?

PLANNING YOUR ELECTION

Here are just a few strategies you can use to be sure that you are making every penny count!

- ✦ **Plan ahead.** Base your election on anticipated predictable expenses not covered by other insurance or benefit plans.
- ✦ **Look back to last year.** One way to estimate those expenses is to look back at the health care and dependent care expenses you paid during the past plan year. This can be the starting point for your annual contribution, adjusted of course for any past or future extraordinary expenses.
- ✦ **Use the attached worksheet.** For an online worksheet, visit www.hfsbenefits.com.
- ✦ **Look outside your health plan.** There are many FSA eligible expenses not covered by your health plan such as over-the-counter (OTC) medicines^{††}, laser eye surgery, orthodontics, etc.
- ✦ **Evaluate your home pharmacy.** Throw away all expired OTC medications and the next time you visit your health care provider, ask for a prescription for OTC medications that you may use on a regular basis including aspirin, allergy medications, antacids, etc. Band-aids, contact lens solution, bandages and other OTC items (non-medication) can be reimbursed without a prescription.^{††}
- ✦ **Be Conservative.** Any unused funds cannot carry forward to the next plan year and are forfeited.



ENROLLING IN THE PLAN

- ✦ Make your election during open enrollment (or when you first become eligible)
- ✦ Determine your election amount(s) by using the FSA Worksheet
- ✦ Elect up to the plan maximums
- ✦ Remember you do not have to participate in your employer's health plan to be eligible for the FSA
- ✦ Annual election(s) will be deducted equally pre-tax over the course of the plan year



MANAGING YOUR FSA

Once enrolled, reimbursement is simple!

- ✦ Reimbursement requests can be submitted by toll-free fax, e-mail or mail.
- ✦ Choose direct deposit for fast and convenient reimbursement.
- ✦ Manage your FSA account(s) online at www.hfsbenefits.com. You may view detailed information such as your account balance, claim status and reimbursement information.

Look how the advantages really add up. It's time for YOU to begin saving money and simplifying your expenses.

How Many Dollars Can I STRETCH?

IT'S EASY TO PARTICIPATE IN A FSA

1. Use the worksheet(s) to determine the amount of money you will spend for medical and/or dependent care for you and your dependents in the upcoming plan year.
2. Once you determine the amount, provide the election information to your employer.

MEDICAL FSA

Use this worksheet to estimate eligible medical expenses that you, your spouse and your qualified dependents will incur during the plan year. The worksheet below contains some of the most common expenses. For a more comprehensive list of eligible expenses, please see FSA Expenses Guide or visit www.hfsbenefits.com.

Sample Medical FSA Expenses	Estimated Annual Amount
Medical Insurance Deductibles	\$
Office Visit Co-Pays	\$
Prescription Drugs	\$
Physical Therapy/Chiropractic Care	\$
Well Child Care	\$
GYN Exams	\$
Physicals	\$
Immunizations	\$
Hearing Aids/Batteries/Exams	\$
Prescribed Over-the-Counter (OTC) Medicines ^{††}	\$
Dental Insurance Deductibles	\$
Exams	\$
Fillings	\$
Root Canals	\$
Crowns	\$
Bridges	\$
Dental Implants	\$
Dentures	\$
Orthodontics	\$
Vision Exams	\$
Eyeglasses	\$
Contact Lenses/Supplies	\$
Prescription Sunglasses	\$
Laser Eye Surgery	\$
Total - Use this amount as a guideline for your upcoming election	\$

DEPENDENT CARE FSA

Use this worksheet to estimate your eligible child and dependent care expenses. Eligible dependents include your dependent children through age 12 and/or your spouse or other dependent who is physically or mentally disabled and spends at least 8 hours a day in your home. The annual pre-tax family contribution limit is the lesser of \$5,000 married filing jointly or single parent (\$2,500 if filing separately), the employee's earned income for the year or the spouse's earned income.

Sample Dependent Care FSA Expenses	Estimated Annual Amount
Dependent Care Center Fees (Qualifying Child or Adult Daycare)	\$
Nursery/Pre-School Fees (excluding Kindergarten)	\$
Before and/or After School Care	\$
In-Home Dependent Care	\$
Summer Day Camp	\$
Caregiver's Wages and Employer Taxes	\$
Total - Use this amount as a guideline for your upcoming election	\$

How Can I Spend The Money?

MEDICAL FLEXIBLE SPENDING ACCOUNT EXPENSES GUIDE

(only healthcare expenses not reimbursed by insurance or any other source can be claimed - visit www.hfsbenefits.com for a complete list)

A

Acupuncture
Air purifier †
Alcoholism treatment
Allergy medication††
Alternative healer †
Ambulance
Artificial limbs/teeth

B

Band-aids/bandages
Birthing classes (portion related to birthing)
Blood pressure monitor
Blood sugar test kit
Body scan
Breast pump †
Breast reconstruction surgery following a mastectomy

C

Chemotherapy
Chiropractic services
Christian Science practitioner services
Co-payments
Computer storage of medical records
Contact lenses and solutions
Crutches

D

Decongestants††
Deductibles
Dental services (non-cosmetic)
Dentures/artificial teeth
Diabetic supplies
Diagnostic fees and services
Drug addiction/overdose treatment

E

Ear plugs (for medical condition) †
Equipment for the handicapped
Eye drops††
Eye examination
Eye surgery (i.e. cataracts, LASIK, etc.)
Eyeglass cleaners
Eyeglasses (prescribed)

F

First Aid Kits
Flu shots
Fluoride treatments (dental)

G

Genetic testing (to determine medical defects) †
Glucosamine †
Glucose monitor
GYN Exams

H

Hearing devices and batteries
Hearing tests
Holistic and natural healer services †
Home care nursing services
Hormone therapy treatment for menopause †
Hospital expenses (non-cosmetic)

I

Immunizations
Incontinence supplies
Insulin

L

Laboratory fees
Lactation consultant services †
Lamaze classes (portion related to birthing)
Language training (for disabled individual) †
Laser eye surgery
Learning disability expenses (fees to school or specially trained tutor) †

M

Massage therapy †
Medical conference (admission and transportation)
Medical expenses in excess of usual, customary and reasonable (UCR)
Medical record charges
Medical supplies

N

Nasal sprays††
Nasal strips
Nutritionist expenses †

O

Obstetrical expenses
Occlusal guard (to prevent teeth grinding)
Occupational therapy
Oral surgery
Orthodontic expenses
Orthopedic devices
Over-the-counter medications - prescribed (not to include nutritional supplements, cosmetic care items or items primarily used for general health)††
Oxygen

P

Pain relievers††
Pap smears
Physical exams (not employment-related)
Physical therapy (for specific medical condition)
Prenatal vitamins (prescription)
Prescription medicines (non-cosmetic)
Prosthesis
Psychiatric care
Psychological care & counseling

R

Radial keratotomy
Reading glasses (OTC)
Routine physicals

S

Safety glasses (prescription only)
Schools and education (special) †
Screening test for medical diagnosis
Seeing-eye dog (purchase, training & care)
Sinus medications††
Sleep deprivation treatments †
Sleeping aids††
Smoking cessation program
Sunglasses (prescription)
Supplies to treat a medical condition
Surgical fee (non-cosmetic)

T

Taxes on medical services and products
Therapy, for medical care only
Thermometers (medical)
Transplant expenses (surgical, hospital, laboratory and transportation expenses for organ donor)
Transportation and travel expenses for person receiving medical care

U

Umbilical cord (collection, freezing and storage for imminent use to treat a specific medical condition)
Usual, reasonable and customary (UCR), charges in excess of UCR

V

Vaccines
Varicose vein treatment (non-cosmetic)
Vision correction procedures
Vitamins, OTC †
Vitamins (prescription)

W

Weight loss prescription drugs/programs (associated with a certain disease) †
Wheelchair

X

X-rays

† A Physician's note is required with your claim submission and must indicate the specific medical condition, the medical item/treatment recommended to treat the medical condition, the expected duration of the treatment.
Visit www.hfsbenefits.com for a template letter of medical recommendation.

†† **IMPORTANT:** Effective for all purchases made after January 1, 2011, all over the counter drugs and medicines will require a prescription for reimbursement.
Please visit www.hfsbenefits.com for the most updated information and forms.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT EXPENSES GUIDE

(only dependent care expenses provided for an eligible dependent can be claimed)

Adult daycare facility

Before/after school programs

Caregiver's wages and employer taxes

Dependent care in someone else's home

In-home dependent care

Licensed childcare facility

Nursery or pre-school programs

Summer day camp

Transportation provided by dependent care provider to/from dependent care location

FSA Frequently Asked Questions

Q. Can I participate in the FSA Plans if I am not enrolled in my employer's health plan?

A. Yes. As long as you meet the benefit eligibility requirements, you can participate in either FSA.

Q. Can I use the Medical FSA to pay for my spouse/dependent's deductibles or co-payments if they aren't covered by my group medical plan?

A. Yes. However, health care premiums deducted from your spouse's paycheck and premiums for individual health policies are not eligible.

Q. Do I ever pay taxes on the money I put into either account?

A. No. With the exception of New Jersey and Pennsylvania (Dependent Care FSA) state tax, you do not pay tax on money put into these accounts.

Q. Can I change the amount of money I set aside in my account(s) during the plan year?

A. As a general rule, no. The IRS, however, does allow you to make changes when a qualifying event occurs, such as marriage, divorce, or gaining or losing a spouse or dependent. A change in your dependent care provider or cost of your dependent care may also allow for an election change. Contact your Benefits Department for details.

Q. What happens if I terminate employment during the plan year?

A. You will have a period of time after your termination date (check your SPD) to submit expenses incurred while you were an active employee. Also, you may have the option to continue contributing to your Medical FSA using after-tax dollars through COBRA.

Q. To what age may I use the Dependent Care FSA for expenses incurred for my child?

A. You may submit expenses incurred for your dependent child before his/her 13th birthday.

Q. Are expenses for before/after school programs considered eligible expenses?

A. Yes, but you must separate the cost of such care from the cost of the school.

Q. When I complete my personal tax return, do I have to report anything regarding my FSA?

A. Yes. When you participate in a Dependent Care FSA, you will need to complete and file IRS Form 2441 tax return. Please consult your tax advisor with any questions regarding this form.

Q. What happens if my expenses are lower than I anticipated?

A. The IRS stipulates that you must forfeit any funds remaining in your account at the end of the plan year or after your termination date. However, you are given an additional period of time (check your SPD) to submit receipts for services incurred during the plan year or before your termination. Please see section titled "Planning Your Election".

Q. Can I participate in a Medical FSA if I am making contributions to a Health Savings Account (HSA)?

A. If you wish to enroll in a Medical FSA and you are currently contributing to an HSA, you need to enroll in a limited purpose Medical FSA that limits reimbursement to dental, vision and preventive care only.

Q. How can I obtain my account balance information?

A. You can contact our Customer Service Department during normal business hours or you can view your account information online anytime through our secure website. You may view detailed information such as your account balance, claim status and reimbursement information.

Contact

HFS Benefits

4 North Park Drive, Suite 500
Hunt Valley, MD 21030
www.hfsbenefits.com

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