

## HEALTH CARE REIMBURSEMENT ACCOUNTS

The **full** amount of your annual Health Care Reimbursement Account election, less previous reimbursements, will be available to you at all times during the Plan Year. For example, if you elect to contribute \$20 per week to your account, your annual election of \$1,040 (\$20 x 52 weeks) would be available to reimburse eligible expenses at any time during the Plan Year.

### Eligible Health Care Expenses

Eligible health care expenses are medically necessary charges you, your spouse, and other dependents incur during the Plan Year which are not reimbursed by insurance or another source. Benefit Strategies may require a doctor's note with a diagnosis and treatment plan to document the medical necessity of some expenses that fall into a "gray area". The following chart lists many eligible and ineligible expenses:

ELIGIBLE EXPENSES		
- Acupuncture by licensed practitioner	- Hospitalization charges	
- Birth Control pills	- Lasik Eye Surgery	
- Chiropractic care	- Massage Therapy (Dr. note req'd)	
- Childbirth Classes	- Nursing Care	
- Contact lenses, solutions & supplies	- Orthotics	
- Co-payments for office visits	- Prescription Drugs & Co-payments	
- Deductibles & Co-insurance	- Psychoanalysis	
- Dental Care & Orthodontia	- Therapy by licensed therapists	
- Diabetic supplies	- Vision Care	
- Eyeglasses	- Wheelchairs/crutches/walkers	
- Hearing aids & batteries	- Weight Loss Programs (Dr. note req'd)	
- Over-the-Counter Medications & Supplies which are "medically necessary"		
<b>Eligible items include:</b>		
Analgesics	Cough drops	Pain relievers
Antacids	Diaper rash cream	Pedialyte
Anti-diarrhea meds	Eye drops	Sinus meds
Allergy meds	First aid cream	Sleep aids
Bug bite meds	Hemorrhoid Cream	Smoking cessation
Calamine lotion	Laxatives	Nicotine gum/patch
Cold meds	Motion sick meds	Wart removal
<b>Other:</b> band-aids, bandages, home first aid kits, cold/hot packs for injuries, rubbing alcohol, reading glasses, carpal tunnel wrist supports, pregnancy kits, condoms, spermicidal foam, thermometers, incontinence supplies, nasal strips		
INELIGIBLE EXPENSES		
- Vitamins (unless specifically prescribed to treat medical condition Dr. note req'd)		
- Food supplements & Herbs		
- Cosmetics & toiletries inc. soap, shampoo, toothpaste, lotions, lip balm		
- Cosmetic Surgery unless medically necessary to correct a deformity/injury		
- Cosmetic Dentistry including teeth bleaching, and veneers		
- Baby Diapers		
- Weight loss programs that are NOT medically necessary		
- Feminine hygiene supplies		
- Health Club dues		
- Marriage & family counseling		
- Insurance premiums		
- Items covered under another insurance or reimbursement plan		

**IMPORTANT:** If you are not sure about the eligibility of an expense, please call Benefit Strategies at 888-401-FLEX (3539).

## DETERMINE YOUR EXPENSES FOR THE YEAR:

### HEALTH CARE REIMBURSEMENT ACCOUNT WORKSHEET

HEALTH CARE EXPENSES PER PLAN YEAR	FOR YOU	FOR YOUR SPOUSE	FOR YOUR CHILDREN
Medical Deductibles	\$	\$	\$
Dental Deductibles	\$	\$	\$
Medical Co-payments	\$	\$	\$
Dental Care / Orthodontia	\$	\$	\$
Prescription Drugs & Co-pays	\$	\$	\$
OTC Drugs & Medical Supplies	\$	\$	\$
Chiropractic Services	\$	\$	\$
Eye Exams / Lasik Surgery	\$	\$	\$
Eyeglasses, Contact Lenses, Solutions and Supplies	\$	\$	\$
Other Expenses:	\$	\$	\$
TOTAL EXPENSES:	(A) \$	(B) \$	(C) \$
TOTAL FAMILY EXPENSES (A+B+C):		(D) \$	
NUMBER OF PAY PERIODS IN PLAN YEAR:		(E)	
CONTRIBUTION PER PAY PERIOD (D DIVIDED BY E):		(F) \$	

### DEPENDENT CARE ASSISTANCE ACCOUNT WORKSHEET

Eligible weekly dependent day care cost:	(A) \$ _____
How many weeks of dependent care you will have in the Plan Year	(B) _____
Total cost of dependent day care for the Plan Year:	(C) \$ _____
<b>Multiply (A) by (B)</b>	
Enter the Maximum Benefit Allowed: \$2,500 if married filing separately; \$5,000 if single or married filing jointly	(D) \$ _____
<b>Enter the lesser of either (D) or (C)</b>	
How much do you wish to contribute this Plan Year?	(E) \$ _____
How many pay periods will there be in the Plan Year?	(F) _____
This will be your pre-tax salary reduction per pay period:	(G) \$ _____
<b>Divide the amount in (E) by (F)</b>	



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## Health Care Reimbursement and Dependent Care Assistance Accounts

The Health Care Reimbursement and Dependent Care Assistance Accounts are benefit plans governed by the IRS and sponsored by your employer. By using these plans, you are allowed to divert pre-tax dollars from your paycheck into special accounts. You are then allowed to draw the money out of the accounts to reimburse you for the out-of-pocket medical and/or dependent day care expenses your family incurs during the Plan Year which are not reimbursed from insurance or other sources. Since the money you elect to put into these accounts is not considered taxable income, you save by paying less Federal, State and FICA taxes. Depending on your personal circumstances, these accounts may provide significant tax savings.

This brochure will help you evaluate the benefits of participation and determine how much to contribute. Please see your Summary Plan Description for more complete information.

### How Do Reimbursement Accounts Work?

Prior to the start of each Plan Year, you conservatively estimate how much money you expect to spend for: **(see worksheet on back)**

1. Eligible medical care expenses not reimbursed by insurance.
2. Day care expenses for eligible dependents, which allow you and your spouse (if applicable) to be gainfully employed.

You may then elect to have money deducted from each paycheck pre-tax and deposited into a health care reimbursement and/or dependent care assistance account(s) for your future use. As eligible expenses are incurred, you may submit claims to draw funds from your account(s).

### These IRS Rules Require You to Plan (CAREFULLY)

1. Elections cannot be changed during the Plan Year unless there is a **qualifying** change in family or employment status. (Please note that it may be difficult to make a change)
2. All eligible expenses must be incurred during the Plan Year. Funds not claimed by the end of the Plan Year (plus a 90 day claim run-out period) will be **forfeited** to your Employer who cannot return it to you. If you terminate employment, your Plan Year will end unless you elect to continue participation (if applicable).

[Dependent Care Assistance Account & Federal Income Tax Credit Comparison](#)

[Dependent Care Assistance Accounts](#)

The Dependent Care Assistance Account offers you pre-tax treatment for the child and dependent care expenses you and your spouse (if applicable) incur to be gainfully employed. Reimbursement from the Dependent Care Assistance Account is limited to the cash amount currently credited (not the full annual election as applies to the Health account). Funds in the account will accumulate each pay period until you submit your next claim for reimbursement.

You may use the Dependent Care Assistance Account to pay day care expenses for your child(ren), or other eligible dependents according to the guidelines listed below.

1. Dependent care expenses are eligible only if they allow a single parent or both spouses to be gainfully employed or attend school full time.
2. Expenses must be for a dependent whose principal place of residence is with you; who is under age 13, or physically or mentally incapable of caring for him/herself and does not have income in excess of the yearly IRS tax code.
3. Your dependent must spend at least 8 hours per day in your home.

If you have questions about who qualifies as a dependent please call our office at 888-401-FLEX (3539).

[Eligible Dependent Day Care Providers](#)

1. A day care center, nursery school, summer day camp or after-school program that meets state and local requirements. (An overnight camp does not qualify, since the dependent will not be in the home for at least 8 hours per day.) Kindergarten is not an eligible expense.
2. A babysitter inside or outside the home, or a housekeeper whose duties include day care. An au pair is an eligible provider, however procurement or program fees for finding an au pair are not.
3. A relative who cares for your children, or dependent, as long as that relative is over age 19 and is not your spouse or someone you claim as a dependent on your federal tax return.

It is important to note that you will be required to furnish the tax ID or social security number of your providers to the IRS in order to receive pre-tax treatment.

[Dependent Care Reimbursement Limits](#)

Reimbursement is limited to the amount earned by the lower earning spouse. If the spouse is a student, the monthly calendar year maximum will be \$250 for one child, and \$416.67 for 2 or more children.

Maximum reimbursement is \$5,000 per year (\$2,500 if married filing separately). This limit is applied based on the date the eligible expense is incurred, not the date billed or the date reimbursement is made.

Under the IRS code, two tax advantage options are available for dependent care expenses. You may use one or the other, or a combination of both, as long as you do not obtain pre-tax treatment and file for a tax credit on the **same** money. You should consult a qualified tax advisor to determine which option is best for you.

[Option 1: Dependent Care Assistance Account](#)

Using the Dependent Care Account you may put up to \$5,000 (\$2,500 if married and filing separately) into your account on a pre-tax basis. This limit applies no matter how many dependents you have in day care. You will save Federal Income Tax (15% to 35%), FICA (7.65%), and State Income Tax (0-6+%) on any money contributed. The savings range from 28.65% to 48.65% depending on your federal tax bracket and state you live in.

[Option 2: Federal Income Tax Credit](#)

You are allowed to take a credit on your personal taxes, for the work-related child and dependent care expenses you incur. The maximum expense that may be considered is \$3,000 for one qualifying dependent or \$6,000 for two or more. However, only a percentage of these expenses may be deducted. The percentage depends on your adjusted gross income (or joint adjusted gross income if you and your spouse file a joint return.) You may take a credit of between 20% and 35% of your dependent care expenses, as shown on the chart below:

ADJUSTED GROSS INCOME			TAX CREDIT PERCENTAGE
\$43,001	To	No limit	20%
\$41,001	To	\$43,000	21%
\$39,001	To	\$41,000	22%
\$37,001	To	\$39,000	23%
\$35,001	To	\$37,000	24%
\$33,001	To	\$35,000	25%
\$31,001	To	\$33,000	26%
\$29,001	To	\$31,000	27%
\$27,001	To	\$29,000	28%
\$25,001	To	\$27,000	29%
\$23,001	To	\$25,000	30%
\$21,001	To	\$23,000	31%
\$19,001	To	\$21,000	32%
\$17,001	To	\$19,000	33%
\$15,001	To	\$17,000	34%
\$15,000	or	Less	35%

[Expense Reimbursement Methods](#)

Benefit Strategies offers three easy methods to obtain reimbursement:

**1. FlexExpress® Card** - The easiest reimbursement method is to use the Benefit Strategies FlexExpress® Card. This special credit card is linked to your reimbursement account(s) and allows you to pay your IRS qualified health or dependent care expenses right at the point-of-sale on the date the services were incurred. The card will only be accepted at specific healthcare providers such as physician and dental offices, pharmacies, hospitals, chiropractors, optometrists, etc. and at day care providers. Once your Flexible Spending Account is established, your FlexExpress® Card will be sent to your home via US mail in a plain white envelope.

You **must** retain all documentation of the expenses you use the card for, and submit documentation to Benefit Strategies upon request. Documentation must show: the date the expense was incurred (not the date paid), the amount of the expense you are responsible for, the provider of services, and a description of the service and/or expense.

You are responsible for the use of your (and your spouse's if applicable) FlexExpress® Card. The card is to be used only to pay for IRS eligible expenses incurred during the plan year. Be careful not to misuse the card for ineligible expenses, or for expenses incurred outside of the Plan Year. Misuse of the card will result in permanent revocation of the card and repayment of ineligible expenses.

If your card is lost or stolen, call Benefit Strategies as soon as possible.

**2. Online Reimbursement Request** - The second reimbursement method is to use your personal login screen at [www.benstrat.com](http://www.benstrat.com) and select the File Claims option. You will be able to enter your claim online, and then print a confirmation page. The confirmation page and detailed claim documentation should then be faxed or mailed to Benefit Strategies in order to complete the process and generate a payment.

**3. Paper Reimbursement Request Form** - The third reimbursement method is to pay for your qualified expenses out-of-pocket and submit a completed paper Reimbursement Request Form along with detailed documentation of your expenses to Benefit Strategies. An initial form (which may be copied) will be sent to you. Additional forms may be downloaded from [www.benstrat.com](http://www.benstrat.com) or obtained from Benefit Strategies upon request.

Benefit Strategies generally pays paper claims on a weekly basis. Properly completed and documented claims received by Thursday morning are usually processed on Friday. You may submit claims as often as you like for eligible expenses incurred during the Plan Year.

[Obtaining Information About Your Account & Online Access](#)

Information on the activity, transaction history and balance remaining in your health care reimbursement or dependent care assistance account may be accessed by logging on to the Benefit Strategies' website: [www.benstrat.com](http://www.benstrat.com). You will receive log on instructions after your account has been set up.

If you do not have access to the Internet, you may contact Benefit Strategies at (888) 401-(FLEX) 3539 to speak to a Client Relations Coordinator, Monday through Friday between 8:30 AM-5:00 PM EST.