

## IMPORTANT INFORMATION

**What is a Flexible Spending Account?** A Flexible Spending Account (FSA) is 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 the funds in the account to pay for qualified expenses with untaxed dollars.

**Why should I participate in the plan?** Your biggest benefit is savings on payroll withholding taxes. You will save \$25 to \$40 on every \$100 you budget to pay for qualified expenses.

**What expenses qualify for payment?** Most qualified expenses are for goods or services that you'll buy anyway. They include health care costs such as copays, doctors' fees, over-the-counter items and prescriptions, dental and eye care expenses and day care expenses for dependents so you can work.

**How do I know how much is available for me to spend, and how do I file a claim?** Your balance and claim forms are available 24/7 online at [flexservices.higginbotham.net](http://flexservices.higginbotham.net) or by calling 866-419-3519. Filing claims is easy. Just complete a claim form, attach a copy of the bill and then send it

to us. You'll receive your tax-free reimbursement within 72 hours.

**Must money be deposited in my account before I pay expenses or file a claim?** No. The entire annual amount you elect for the Health Care Spending Account (Health FSA) is available on the first day. However, only amounts contributed to date are available for the Dependent Care Spending Account (Dependent Care FSA).

**I already have health insurance. Why should I participate in the Health FSA?** The Health FSA is used to pay for expenses not covered by insurance. These include copays, over-the-counter medications, glasses, contacts, orthodontics, prescription drugs and more.

**I don't use my employer's health insurance. Can I still save?** Yes. You can still set aside money before taxes to budget and pay for qualified expenses. But remember, a qualified expense paid from this plan is not eligible for reimbursement from another plan.

**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 and federal income tax withholding. Your net take-home



pay will increase by the tax you save. Plus, when you pay for a qualified expense or receive a cash reimbursement, it's tax-free.

**Can I change my contribution during the year?** Yes, but only in certain situations. For the Health FSA and Dependent Care FSA, you can change your election if you have a change in status or if there's a change in employment for you, your spouse or a dependent.

**What if I don't use all the money in my account?** Generally, contributions that aren't used during the plan year are forfeited back to your employer, but changes to IRS may allow extra time to spend your money or to carry over up to \$570. Check with your employer to learn your options.

**What happens to my accounts if I terminate employment?** You may request reimbursement for qualified expenses incurred prior to your termination date.

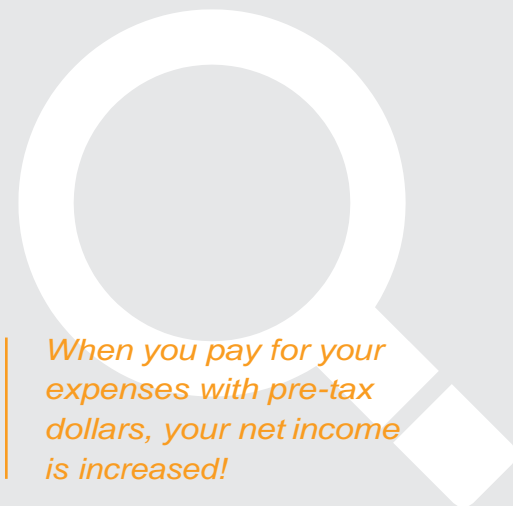
## HOW FSAs WORK

When you pay for these expenses with pre-tax dollars, you pay **no social security or federal income tax on your contributions**. Your taxable income and your taxes are reduced.

### Case Study

Let's say you earn \$25,000 per year. And you are paid semi-monthly, so each paycheck is for gross compensation of \$1,041.67. You have insurance premiums and other expenses eligible for payment through the Health FSA of \$62.50 per pay period. Here is a comparison of what your paycheck looks like with and without the Flexible Spending Account:

	Without Plan	With Plan
Gross Earnings	\$1,041.67	\$1,041.67
Plan Contributions	\$0	\$62.50
Taxable Income	\$1,041.67	\$979.17
FICA	(\$79.69)	(\$74.91)
Federal	(\$105.42)	(\$93.41)
Take Home Pay	\$856.56	\$810.85
Health Care Expenses	(\$62.50)	(\$0)
Remaining Income	\$794.06	\$810.85
Savings		\$33.58 Monthly \$402.96 Annually



*When you pay for your expenses with pre-tax dollars, your net income is increased!*

When you incur a medical, dental or vision expense, you'll be reimbursed the full amount of the expense at that time, up to your yearly contribution election.

For example, you're going to contribute \$500 for the plan year (\$41.67 per month). On January 15, you visit your eye doctor and receive your exam and contact lenses for a total charge of \$200. Submit that receipt online or by fax, email, mail or the mobile app and receive your full \$200 back within 24-72 hours, even though you don't have the \$200 in your account at the time. **You are entitled to the entire \$500 from day one of the plan year.**

### Orthodontia Expenses

If you're currently paying on an orthodontia contract for yourself, your spouse or your children, you can put that payment aside in your Health FSA and use the WeathCare debit card to make the payment each month to your orthodontist. All we need is a copy of your current contract and the first payment receipt made with the WeathCare debit card. Your monthly orthodontic payments will be substantiated automatically for the current plan year.

Your account information is available online at [flexservices.higginbotham.net](https://flexservices.higginbotham.net) or by calling **866-419-3519**.