

Your employer has chosen to sponsor a Flexible Spending Account, or “Flex Plan” as one of your insurance benefits. Flex is an IRS-approved method of paying for your “out-of-pocket” Health, Dental, Vision, & qualified Over-The-Counter expenses with set aside “pre-tax” dollars.

Q. Why participate in a flex plan?

We all pay taxes. Each payday, your employer calculates Federal and State income tax and FICA (Social Security/Medicare) tax on your taxable income. To earn net pay of \$1.00, you actually have to earn \$1.38 because of taxes. (\$1.38 less 27.65% in taxes = \$1.00)

Participation in a Flex Plan saves you money by deducting the Flex set-aside dollars from your wages *before* taxes, making only the wages remaining subject to taxation. Through your employer’s Flex Plan, you can pay many of the following bills with your pre-tax dollars: Medical, Dental, Vision, qualified Over-The-Counter (OTC) medications, dependent care. By setting aside dollars for those expenses in a Flex Plan, most employees will save between 25% and 40% in taxes.

	Employee in 15% Federal Tax Bracket	Employee in 25% Federal Tax Bracket	Employee in 35% Federal Tax Bracket
Federal Income Tax	15%	25%	35%
State Income Tax *	3.75%	3.75%	3.75%
FICA/Medicare	7.65%	7.65%	1.45%
Total Estimated Tax Saved	26.40%	36.40%	40.20%

Q. Who qualifies?

You can participate in Flex if you have medical expenses for you, your spouse, and your dependent children. You can participate in Flex even if you or your spouse & children are NOT enrolled in Health Insurance or are enrolled somewhere else.

Q. What can be reimbursed?

The expense must be Out-Of-Pocket (that means the portion NOT paid by insurance). Medical Expenses that can be reimbursed through the Flex Plan include Doctor Co-Payments, Prescriptions (even if generic), Health Insurance deductibles and co-insurance, Lasik eye surgery, Eyeglasses, Contacts, and Over-The-Counter Contact lens solution, Dental and Orthodontia, qualified Over-The-Counter Drugs with a prescription, Mileage to seek medical care, and many more. For a comprehensive list of eligible medical expenses visit your company’s customized web page or BPC’s website and click on the “Eligible Flex Expenses” link.

Q. What Is Not Eligible?

Most expenses to treat a medical condition ARE eligible. Cosmetics, cosmetic surgery, and toiletries are NOT eligible. Unqualified Over-The Counter medications and Vitamins and Dietary Supplements are NOT eligible unless prescribed in writing by a medical practitioner to treat a specific medical condition.

Q. What Are The Limitations and Restrictions On Flex Plans?

Flex Plans are established in accordance with IRS regulations that determine how the plan may be used. Your employer also has regulations and/or restrictions concerning the Flex Plan. Please refer to the Summary Plan Description for more detailed information. The following are important restrictions to consider when enrolling in a Flex Plan:

- Election amounts cannot be changed during the Plan Year, except when there is a qualifying event and the change must be consistent with the event (Marriage or divorce; Death of a Dependent; Birth or adoption; Spouse terminates or begins employment).
- Expenses must be incurred within the Flex Plan year.
- You cannot use money paid into one category to be applied to another (FSA to DCA and vice versa)
- You must substantiate all expenses reimbursed under the plan (submit copies of detailed receipts)
- Unused funds for Dependent Care FSA are forfeited at the end of the Plan year. Refer to your Plan SPD for forfeiture rules on the Health FSA.

Take a Look At How a Flex Plan Can Save You Money:

	No Flex	Flex
Gross Income	\$36,000	\$36,000
Pre-tax medical, dental, & vision expenses		\$2,600
Taxable Income	\$36,000	\$33,400
Federal Income Tax 15%	\$5,400	\$5,010
Illinois Income Tax 3.75% State income taxes vary between 0% and 9%	\$1,350	\$1,252
FICA/Medicare 7.65%	\$2,754	\$2,555
Take-home pay	\$26,496	\$24,583
Medical, dental, & vision expenses	\$2,600	
Net take-home pay	\$23,896	\$24,583
Result: a tax savings of*	\$0	\$687

We Are Here To Help You

Visit your company's customized web page or BPC's website at www.bpcinc.com to check your balances, print a claim form, learn more about Flex, or to view a comprehensive list of eligible Flex expenses. For more information on how Flex Plans work, please contact your company's benefit administrator or Benefit Planning Consultants.

*Actual savings will vary depending on the amount you elect and your applicable federal and state tax rates.