

# IMPORTANT INFORMATION

## What is the Flexible Benefit Plan?

It's 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 funds in the account to pay for qualified expenses with the untaxed dollars.

## What are the benefits of participating in a Flex Benefit Plan?

Your biggest benefit is saving payroll withholding taxes. What that means to you is that you'll save \$25 - \$40 on every \$100 you budget to pay for qualified expenses with the money in your flexible benefit account. That's because you don't pay taxes on the money you set aside each pay period for your flex account. (Your savings are based on the percentage of payroll taxes you would have paid had you not put your money into a flex account.)

## What expenses qualify for payment with my Flex Dollars?

Most qualified expenses are for goods or services that you'll buy anyway. They include healthcare costs such as co-pays and doctors' fees; dental and eye care expenses; and daycare expenses for dependents so you can work.

## Do I need to file claim forms?

Yes, for all check and direct deposit reimbursements. Just complete a claim form, attach a copy of the receipt(s), then send to Advantage Administrators. You'll receive your TAX-FREE reimbursement in a short time. Even if you use your flex benefit card, you are required to keep receipts. Occasionally, you may be asked to provide documentation of purchases made with your flex benefit card.

## How does money get deposited into my Flex Benefit Account?

Through regular payroll deductions. It's that simple. Estimate how much you spend annually on the expenses that qualify to be paid from your flex account, then enroll!

## How do I know how much is available for me to spend?

Your balance and other details are always available online at [www.advantageadmin.com](http://www.advantageadmin.com) or by calling the Automated Flex Hotline at 1-888-705-0608. In addition, Customer Services Representatives are available Monday - Friday 8am-5pm central time at 1-800-383-1623 or 319-352-1623.

## Must money be deposited in my Flex Benefit Account before I pay expenses or file a claim?

NO. The entire annual amount you elect for the Health Flexible Spending Account (FSA) is available on the first day and through-out the plan year. However, funds in the Health Savings Account (HSA) and dependent care accounts are available only when they are deposited into your account.

## I already have health insurance.

### Why should I participate in the Health FSA?

The Health FSA Account is used to pay for expenses not covered by insurance. These include co-pays, glasses, contacts, orthodontics, and prescription drugs, just to name a few.

## I don't use my employer's health insurance.

### Can I still save?

YES. You can still set aside money (before taxes are taken out) to budget and pay for qualified expenses. Remember, a qualified expense paid from this plan cannot be reimbursed from another plan.

## I take a dependent care credit on Form 1040. Will this Dependent Care Account save more?

The more you earn, the more you'll save. In addition, you'll also save social security tax (FICA) with a Dependent Care Account. So don't wait until April 15 to take the credit. Now you can save taxes on every paycheck. Which is best for you? Visit our Web site and use our easy calculator to determine your savings.

## 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, federal income tax and (where applicable) state withholding. Your net take-home pay will increase by the taxes you save. Plus, when you pay a qualified expense or receive a cash reimbursement, it's TAX FREE.

## Can I change my contributions during the year?

Generally NO, but there are certain situations that may qualify. For the Health FSA Account and Dependent Care Account, you can change your election if you have a change in status or a change in your employment or the employment of your spouse or a dependent. Please review your Summary Plan Description for more details.

## What if I don't use all of the money in my account?

Generally, unused balances will not be paid to you in cash nor can they be used in a later year. Some plans may allow a grace period; please check your summary plan description for details.

## What happens to my account if I terminate employment?

You may request reimbursement for qualified expenses incurred prior to your termination. Please review your Summary Plan Description for additional rights provided by your employer's plan.

## Are there any negatives that I should know about?

Because you may not pay social security tax on the amount of gross pay you set aside for qualified expenses, your social security benefits at retirement may be slightly reduced. However, most tax advisors recommend taking advantage of current tax-savings opportunities. Also, if disability insurance is paid on a pre-tax basis, any future benefits you receive will be taxable.

## Why are over-the-counter medications/drugs no longer flex-eligible?

Due to the Patient Protection & Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act (Reconciliation Act) signed into law in 2010, beginning January 2011 over-the-counter (OTC) medications and drugs are no longer flex eligible. In order to use your flexible benefit account to purchase OTC medications, drugs and treatments, you must have a Letter of Medical Necessity completed by your healthcare provider who has prescription writing authority. This Letter of Medical Necessity can be downloaded from our website and a copy of this completed form must be on record with Advantage Administrators. You will be unable to use your Flex Debit Card when purchasing OTC medications, drugs and treatments, even if a Letter of Medical Necessity is on record.

**Advantage**<sup>™</sup>  
ADMINISTRATORS

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# IT'S AS EASY AS...

1. BUDGET

2. ENROLL

3. SAVE

If you don't enroll, you won't save! It's that simple.

Here's How  
The Flex Benefit  
Plan Works



# Increase Your Spending Power with *Tax Free Dollars*

Your Flex Benefit Plan allows you to set aside dollars each year from your paycheck to pay for qualified health and dependent care expenses. These dollars are deducted from your wages before any income or social security taxes are paid. By using this tax savings plan, you will not only notice an increase in your take home pay, you will also have access to a reimbursement account throughout the year to pay your qualified expenses.

While everyone is different, they all enjoy big tax savings. Worried about not using all the money you put in your account? We'll remind you to make your purchases before the year ends. Relax and enjoy the tax savings and increased take-home pay. Here's an example of how a typical employee's take-home pay will increase as a result of participating in the flex benefit plan. An employee makes \$2,000 each month and decides to participate in her employer's plan. She pays her insurance premiums and health and daycare expenses through the plan with tax-free dollars – and she saves \$100 each month!

HER PAYCHECK WITHOUT THE PLAN		HER PAYCHECK WITH THE PLAN	
Salary	\$2,000	Salary	\$2,000
FICA, federal & state taxes	-\$500	Insurance premium*	-\$100
Insurance premium	-\$100	Health & daycare expenses*	-\$300
Health & daycare expenses	-\$300	Adjusted earnings	\$1,600
		FICA, federal & state taxes	-\$400
<b>Net pay without the plan</b>	<b>\$1,100</b>	<b>Net pay with the plan</b>	<b>\$1,200</b>
			*Paid through the plan

## Contribution Maximums for Each Benefit are Based on a Plan Year

### OPTION 1 – HEALTHCARE ACCOUNT

Flexible Spending Account (FSA) – Your employer sets the annual maximum contribution amount for the FSA. Check with your employer or review your Summary Plan Description (SPD) for contribution limits to the FSA. The SPD is provided to you by your employer.

### LIMITED FLEXIBLE SPENDING ACCOUNT (LFSA)

Available only if you elect to enroll in an HSA (Health Savings Account). The LFSA is in addition to the HSA account and is limited to paying only qualified dental and/or vision expenses that are not covered by your employer's health plan or any other health plan. Your employer sets the annual maximum contribution amount or the LFSA. Check with your employer or review your Summary Plan Description (SPD) for contribution limits to the LFSA.

### OPTION 2 – DEPENDENT DAYCARE / ELDER CARE ACCOUNT

This pays for daycare expenses for a dependent child, adult or elder, so that you may work. **Eligible services include:** *Nursery school, nanny and/or before/after school care thru age 12, daycare for a disabled adult or child, elder daycare for parent or dependent, and day camp through age 12.* The IRS sets the annual maximum contribution amounts for the Dependent Daycare/Elder Care Account. Maximum amount per calendar year is the lesser of: (1) \$5,000 for married filing joint or \$2,500 for married filing separate, (2) your spouse's total annual compensation or (3) half of your total annual compensation. If you are single, the maximum amount is \$5,000.

### OPTION 3 – PRE-TAX PREMIUM ACCOUNT

This pays for your employer-sponsored insurance premiums on a pre-tax basis. Eligible expenses include health, dental, and vision. Other insurance premiums may qualify. Check with your employer or review your Summary Plan Description (SPD).



## Common Qualified and Non-Qualified Items for Option 1 Health Care Account and Option 2 Dependent Daycare / Elder care Account

### Qualified Health Expenses

Prescriptions  
 Doctor fees  
 Doctor office visits, co-pays and deductibles  
 Emergency room co-pays  
 Out-patient surgery co-pays  
 Inpatient admission co-pays  
 Routine check ups  
 Non-diagnostic services or treatments  
 Diagnostic and lab fees  
 Obstetrics and fertility fees  
 Chiropractor and podiatrist fees  
 Physician and osteopath fees  
 Acupuncture fees  
 Christian Science practitioner's fees  
 Radiology, X-Rays, and MRI  
 Surgical fees  
 Reconstructive surgery in connection with birth defects, disease or accident  
 Routine eye exams and office visits  
 Prescribed sunglasses and eyeglasses  
 Contact lenses, solutions and supplies  
 Corrective eye surgery  
 LASIK and cataract surgery  
 Optometrist and Ophthalmologist fees  
 Dental office visits, routine check-ups, co-pays and deductibles  
 Dental cleanings, x-rays, sealants and fillings  
 Dentures, crowns and bridges  
 Braces, spacers and retainers  
 Wisdom teeth, implants and oral surgery  
 Endodontist and oral surgeon  
 Physical and speech therapy  
 Psychologist and psychiatrist fees  
 First aid wipes and benzocaine swabs  
 First aid bandages, gloves and masks  
 Hydrogen Peroxide  
 Rubbing Alcohol  
 Boric Acid Powder  
 Iodine tincture  
 Sublimed sulfur powder  
 Diabetic lancet, needles, syringes and supplies  
 Diabetic test strips  
 Glucose meters and tablets  
 Contact lens solutions and cases  
 Denture adhesive  
 Incontinence supplies  
 Ovulation indicators  
 Pregnancy tests  
 Cholesterol tests and monitors  
 Colorectal cancer screening tests  
 Home drug tests

Home blood tests  
 Wheelchairs and walkers  
 Medical alert bracelet and fees  
 Travel to doctors or healthcare facilities  
 Ambulance expenses  
 Oxygen  
 Pill Boxes  
 Thermometers  
 Artificial limbs and braces  
 Hearing devices and batteries  
 Crutches and canes  
 Weight-loss programs (for specific disease)  
 Quit smoking programs  
 Alcoholism and drug treatment  
 Body Scans  
 Weight loss surgery

### Dependent Care Expenses so you can Work

Nanny & babysitter\*  
 Pre-K or nursery school  
 Before – or after-school care\*  
 Day camp\*  
 Daycare for a disabled adult or child  
 Elder daycare for parent or dependent  
 \*For dependents age 12 and under

### Dual Purpose Items Requiring a Letter of Medical Necessity

*These items require a Letter of Medical Necessity to be completed by your healthcare provider who has prescription writing authority. This form can be downloaded from our website.*

Washes & ointments for cuts and scrapes  
 Bronchodilator & expectorant tablets  
 Bronchial asthma inhalers  
 Cold, cough and flu relief  
 Homeopathic sinus medications  
 Medicated chest rub  
 Nasal decongestant (drops, inhaler, spray or strips)  
 Sinus and allergy nasal spray  
 Vapor patch cough suppressant  
 Ear drops for swimmers  
 Ear water-drying aid  
 Ear wax removal drops  
 Homeopathic earache tablets  
 Anti-fungal treatments  
 Diuretics and water pills  
 Hemorrhoid relief  
 Lice control  
 Motion sickness tablets  
 Respiratory stimulant ammonia

Sleeping aids  
 Arthritis pain reliever  
 Baby teething gel  
 Pain relievers, aspirin and non-aspirin  
 Throat pain medications  
 Acne medications  
 Anti-itch lotions and medications  
 Bunion and blister treatments  
 Cold sore and fever blister medications  
 Diaper rash ointment  
 Eczema cream  
 Medicated bath products  
 Wart removal medications  
 Sunscreen SPF 30 or higher  
 Acid reducers and heartburn relief  
 Antacid gum, liquid and tablets  
 Anti-diarrhea medications  
 Gas prevention  
 Ipecac syrup  
 Laxatives  
 Pinworm treatment  
 Upset stomach medications  
 Humidifiers and vaporizers  
 Blood pressure monitors  
 Hot and cold compress packs and wraps  
 Shower protection for casts, prostheses, etc.  
 Therapeutic support gloves  
 Elevated toilet seat  
 Special schooling for disabled child  
 Arches and orthopedic shoes  
 Wigs for hair loss caused by disease  
 Shower bars and safety handles  
 Quit smoking patches and gums

### Non-Qualified Health Expenses

- Veneers
- Teeth bleaching
- Toothbrushes and toothpaste
- Feminine hygiene products
- Toiletries and other personal care items
- Vitamin/Herbal supplements for general health
- Mattresses and other common household furniture
- Sun clips for prescription glasses
- Baby wipes and diapers
- Cosmetic Procedures
- Breast Pumps
- Insurance Premiums
- Student Health fees
- Food products
- Sun tanning products