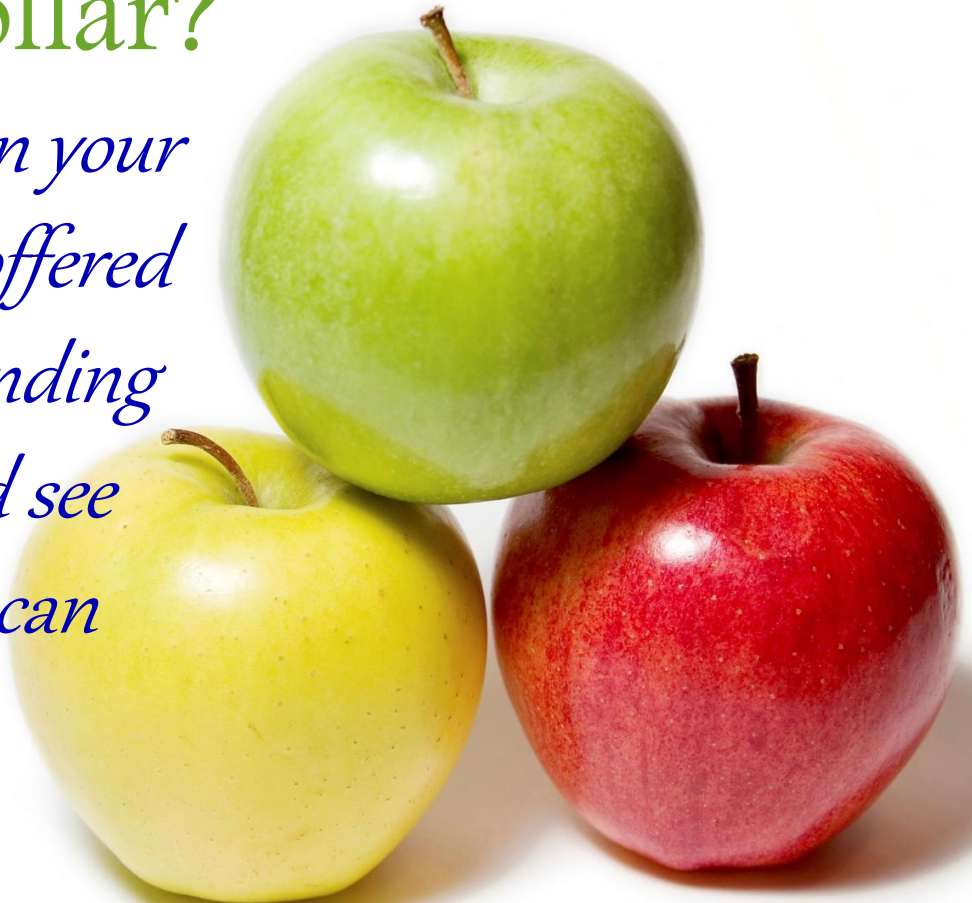


Tax~Favored Accounts

Keep You in the Green

How Flexible is Your Dollar?

*Enroll now in your
company –offered
Flexible Spending
Account and see
how far you can
stretch your
money*



A strategy that works for everyone

Every one of us would like to have more money in our pocket. Participating in your company-sponsored Flexible Spending Account can help you do just that!

You ask your employer to set aside **money** - on a before-tax basis - that can be used to **reimburse** you for **expenses** you have to pay anyway. By taking advantage of your company's **Flexible Spending Plan**, Uncle Sam actually helps you pay part of certain unreimbursed expenses. The rules permit several basic categories of expenses to be reimbursed by a **Flexible Spending Account(FSA)**. These categories are outlined in the right-hand column:

What types of FSAs are available?

Premium Conversion

You may have a Premium Conversion Account that pays your medical, dental and vision plan contributions automatically on a before-tax basis. The monies withheld from your paycheck are used to pay the monthly premiums for these important employee benefits. The benefits you enjoy are two-fold: you are covered by the medical, dental and/or vision plan and you receive a tax break.

Health Care Reimbursement

You can set aside up to \$2,500 annually in a Health Care Reimbursement Account to pay for qualified, medically necessary medical, dental or optical expenses that are not covered by any of your insurance plans. You can see a partial list of eligible expenses in the frequently asked questions section of this brochure. These funds can be used to reimburse you for expenses incurred by you or your eligible dependents.

Dependent Care Reimbursement

You can set aside up to \$5,000 annually to offset daycare expenses for your eligible children or elderly dependents. (Note: You may set aside up to \$2,500 if you are married and file a separate federal income tax return.) Daycare expenses are defined as those that are necessary in order for you (and your spouse, if you're married) to continue working.

We make it simple.



Find out if Flexible Spending is Right for You

Flexible Spending Accounts offer employees a unique way to pay for certain necessary expenses with tax-free dollars. These examples help illustrate how you might see more money in your pocket by participating in a Flexible Spending Account.



SINGLE PARENT

Christy is a divorced parent raising two children with an annual income of \$30,000. She uses her **Premium Conversion Account** to pay her monthly premium contributions for their group medical and dental plans. She also uses the **Health Care Reimbursement Account** to receive reimbursement of their annual medical and dental deductibles. In addition, Christy uses her **Dependent Care Account** to pay for daycare expenses on a pre-tax basis. As seen in the chart below, Christy's spendable income is increased by \$175.86 per month simply by enrolling in her employer's **Flexible Spending Account**.



DUAL-INCOME HOUSEHOLD

Paul and Jenny are both employed with two children. Their combined annual income is \$76,000. They also decide to use Jenny's **Premium Conversion Account** to help pay the premium contributions for their dependent medical coverage. The **Dependent Care Account** helps with their daycare expenses. Since one of their children is in braces, they also use the **Health Care Reimbursement Account** to help pay orthodontic expenses, which are not covered by their dental plan. By participating in the **Flexible Spending Account**, Paul and Jenny increase their spendable income by \$238.91 each month.



FULL FAMILY

Mike, 57, and his wife Linda have two grown children who no longer live with them. Mike's annual salary is \$98,000 and he uses the **Premium Conversion Account** to pay for his monthly premium contributions for health care coverage for himself and his wife. He also uses the **Health Care Reimbursement Account** to cover their annual medical and dental deductibles. By using the accounts, his monthly savings equals \$131.41 as illustrated below.

***ON THE CHART BELOW ASSUMPTIONS:** Based on Texas payroll tax rates. **NOTE:** Payroll calculations are for illustrative purposes only and normally vary by state and local taxing entities.

Pay Per Month	\$2,500		\$6,334		\$8,167	
Less Non-Taxable Benefits	without	with flex	without	with flex	without	with flex
Medical Premiums	—	\$115.00	—	\$185.00	—	\$140.00
Medical/Dental Expenses	—	\$60.00	—	\$125.00	—	\$200.00
Dependent Care Expenses	—	\$400.00	—	\$400.00	—	N/A
Total Pay Subject to Tax	\$2,500.00	\$1,925.00	\$6,334.00	\$5,624.00	\$8,167.00	\$7,827.00
*Less Tax Deductions						
Federal & State	\$451.63	\$307.88	\$1,498.85	\$1,300.05	\$2,072.74	\$1,960.04
FICA	\$141.25	\$108.76	\$357.87	\$317.76	\$461.43	\$442.22
After Income Tax	\$1,907.12	\$1,508.36	\$4,477.28	\$4,006.19	\$5,632.83	\$5,424.24
After Tax Expenses						
Medical Premiums	\$115.00	—	\$185.00	—	\$140.00	—
Medical/Dental Expenses	—	—	—	—	—	—
Dependent Care Expenses	—	—	—	—	N/A	N/A
Spendable Income	\$1,332.50	\$1,508.36	\$3,767.28	\$4,006.19	\$5,292.83	\$5,424.24
Increased Spendable Monthly Income	\$175.86		\$238.91		\$131.41	

FREQUENTLY ASKED QUESTIONS

How do I know what is considered an eligible health care expense?

Below is a partial list of expenses that qualify for reimbursement:

- Acupuncture
- Diagnostic services
- Routine physical exams
- Alcohol/drug abuse treatment
- Seeing-eye dog
- Artificial limbs
- Eye glasses, exams, prescription sunglasses
- Smoking cessation program
- Birth control pills
- Hearing aid devices and batteries
- Sterilization fees or surgery to reverse sterilization
- Care/tuition for handicapped child
- Hospital services
- Special communication equipment for hearing impaired
- Chiropractors
- Immunizations
- Transportation expenses related to medical care
- Coinsurance amounts paid
- Insulin
- Transplants
- Contact lenses/solutions and cleaners
- Infertility treatments
- Viagra, if medically necessary
- Deductible or Co-payments
- Orthodontic treatment, appliances
- Vision correction (e.g. Lasik surgery)
- Non-cosmetic dental treatments
- Prescription medicines
- Dentures
- Psychiatric care
- **Prescribed** over-the-counter (OTC) drugs/medicines

What health care expenses do NOT qualify for reimbursement?

Below is a partial list of ineligible expenses:

- Insurance premiums
- Elective cosmetic surgery
- Expenses reimbursed by another insurance or FSA
- Expenses not qualified by the IRS
- Expenses claimed as deductions or credits on your federal tax return.
- Expenses incurred before you were a participant in the FSA plan
- Expenses incurred when you are no longer a participant in the FSA plan
- Amounts above the maximum plan limits for medical reimbursement

Dependent Care

Who is considered my "dependent" for dependent care reimbursement under the Flexible Spending Plan?

The definition of "dependent" is governed by the IRS code. Currently, a qualified dependent includes:

- Your dependent under age 13 when the care was provided and for whom you can claim an exemption; or
- Your spouse who was physically or mentally unable to care for him/herself.
- For further clarification on elder care as a qualified expense consult your tax advisor.

What type of dependent care expenses do NOT qualify for reimbursement?

Following is a partial list of ineligible expenses:

- Food
- Clothing
- Education—Tuition for grades kindergarten and above.
- Entertainment

How do I know what is considered an eligible dependent care expense?

- Be work related- your expense must be incurred to provide care for your qualified dependent while you are at work.
- Expenses are for the care of a qualified person only if the main purpose of that expense is the person's well-being and protection.
- The IRS produces a publication that helps to explain which dependent care expenses are eligible for reimbursement. Publication #503 is available for your review on the IRS website (www.irs.gov).



Rules To Remember

■ You can elect to participate in the Flexible Spending Account each year – and you must sign up each year. Enrollment does not automatically carry forward from one plan year to the next. Once you have begun to contribute, you can change your election **ONLY** if you have a change in family status, as defined by the Internal Revenue Service. A family status change includes marriage, divorce, birth or adoption of a child or the death of a dependent.

■ Because you are actually affecting your taxable income, the IRS regulations very clearly define rules for taking advantage of this benefit. You must keep these in mind when you are planning your contributions and actually using the Flexible Spending Accounts.

■ Flexible Spending Accounts are governed by the "Use It Or Lose It" rule. The IRS regulations state that you must forfeit any contributions you do not use for eligible expenses incurred within the current plan year. Because of this rule, we caution you to estimate your expenses conservatively.

■ If you participate in more than one Flexible Spending Account category, you can receive reimbursement only from the account (or category) for which the contribution was designated. In other words, if you set aside money in both Health Care and Dependent Care Accounts, you cannot be reimbursed for the dependent care expense from your Health Care Flexible Spending Account.

■ Be aware that when you reduce your taxable income, you are also reducing your Social Security contributions. This reduction of Social Security (FICA) contributions may affect future retirement or disability benefits.

■ Be aware that IRS requires itemized receipts most of the time, even if you are using a Flex Debit Card.

■ Grace Period: for incurring Health Care and Dependent Care expenses is March 15, 2015. The deadline for filing all claims will be April 30, 2015 or 45 days following termination date.



P.O. BOX 9201
AUSTIN, TX 78766

The following Flexible Spending Reimbursement Worksheets will help you estimate your annual flex spending health care and dependent care expenses. Please estimate conservatively and accurately because any monies left in your account may be forfeited under the "Use It Or Lose It" rule.

www.flex@boonchapman.com

HEALTH CARE REIMBURSEMENT ACCOUNT WORKSHEET

Estimate the annual amount of uninsured expenses in the plan year for the following:

MEDICAL EXPENSES

Deductibles (medical, dental and vision)	\$
Co-Payments (medical, dental and vision)	\$
Routine Physical Exams Not Covered by Insurance	\$
Dental and Orthodontia	\$
Vision Care	\$
Well-Baby Care	\$
Prescribed Over-The-Counter (OTC) Drugs/Medicines	\$
Prescription Drugs (birth control included)	\$
Other Allowable Expenses (see previous page for list)	\$
TOTAL	\$
DIVIDE by the number of paychecks you will receive during the plan year & round to the nearest whole dollar.*	#
This is your per pay period contribution	

DEPENDENT CARE REIMBURSEMENT ACCOUNT WORKSHEET

Estimate your eligible dependent care annual expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

CHILD CARE EXPENSES

Day Care Services	\$
In-Home Care/ Au-Pair Services	\$
Nursery and Preschool	\$
After-School Care	\$
Summer Day Camps	\$
ELDER CARE EXPENSES	
Day Care Center	\$
In-Home Care	\$
Other Allowable Expenses (see previous page for list)	\$
TOTAL	\$
DIVIDE by the number of paychecks you will receive during the plan year & round to the nearest whole dollar.*	#
This is your per pay period contribution	

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year

FILING A CLAIM

OK, I've made contributions to the Flexible Spending Plan and I have a claim. Now, how do I get reimbursed? **NOTE: Info on the use of debit cards will be coming soon!**

Getting reimbursed for eligible expenses is as easy as A-B-C.

A. Complete a **B-C** (Boon-Chapman) Employee Spending Account Request for Reimbursement form. Download the form by visiting our website: www.boonchapman.com.

B. Attach the required back-up documents.

(1) For Health Care Reimbursement: attach an Explanation of Benefits (EOB) statement from your insurance carrier, or an itemized receipt from the provider.

- You must submit medical charges to your health care, dental or vision insurance carrier before you can request a reimbursement from a Flexible Spending Account Plan. The insurance carrier will process the claim and issue an EOB that shows how much is paid under the terms of your plan – and how much is your responsibility.

- By law, B-C cannot accept a credit card receipt or a cancelled check in lieu of the itemized receipt from your doctor, lab, pharmacy, etc.

(2) For Dependent Care Reimbursement: have the daycare provider complete section D on the Dependent Care reimbursement form; or attach a signed receipt from the provider that includes:

- the dates services were rendered.
- the provider's Social Security or tax ID number.
- the provider's address.

C. B-C processes your claim and issues a check that is mailed to your home address. Your plan may also offer a direct deposit option (Please contact B-C for further information on this option).

How long will it take to receive my reimbursement?

Generally, a correctly completed request is paid out within 2-3 days.

Where do I send my Flexible Spending Account claims?

Send your completed Request for Reimbursement form and the appropriate back-up documentation via one of the four methods below:

Boon – Chapman

P.O Box 9201

Austin, TX 78766

or

Fax: (512)459-1552

or

Email: flex@boonchapman.com

or

Via our online Web portal.

Please contact B-C for instructions.

My company sponsors our Flexible Spending Account. How does B-C fit into the picture?

Boon-Chapman is the administrator for your Flexible Spending Account(FSA). B-C coordinates with your Human Resources or Benefits group to assist with ongoing FSA reimbursements, supplies, claim forms and answers to FSA-related questions.

If you have questions about your FSA or a specific claim, call our toll-free number 1-800-252-9653, option 6 or email us at flex@boonchapman.com.

 **BOON-CHAPMAN**