Flex$ystem™

FlexSystem Participant Enrollment Guide

What is a Section 125 Cafeteria Plan?

Section 125 Cafeteria Plans allow you to use pre-tax dollars to pay for out-of-pocket medical expenses, dependent care expenses, non-employer-sponsored insurance premiums, and qualified transportation expenses.* The amounts deducted from your salary to pay for these expenses are called elections. In addition, you may also use pre-tax dollars to pay for your portion of the employer-sponsored medical-related insurance premiums.

What does pre-tax mean?

Pre-tax is your pay before state, federal and social security taxes have been deducted. Because these expenses are paid with pre-tax dollars, you are taxed on a lower gross salary, thereby saving money that would otherwise be spent on federal, state and FICA taxes, and you take home more pay. You should be paying certain out-of-pocket expenses with "pre-tax" dollars.

Increase your take-home pay and improve your benefits with FlexSystem. Here are three good reasons to sign up today!

IT'S EASY!
Fill in a simple, on-line form and we do the rest!

IT SAVES TIME!
Daily check cutting, on-line requests for reimbursements, and direct deposit means you get your money quickly.

IT SAVES MONEY!
Pay medical, transportation, and daycare expenses with "pre-tax" dollars and save substantial tax dollars. The result is an improved benefit package and substantial tax savings.

FlexSystem's Participants save hundreds of dollars in taxes each year.

HOW MUCH WILL YOU SAVE?

What are these expenses?

- Your contributions toward medical-related insurance premiums.
- Medical-related expenses such as deductibles, co-insurance, or uninsured medical expenses.
- Dependent care expenses.
- Transportation, such as transit passes and qualified parking expenses.

How does a Section 125 Plan work?

You elect an amount you wish to have deducted from your salary. These funds are withheld from your salary and deposited into a Flexible Spending Account (FSA). FlexSystem maintains these funds in an account until reimbursement is requested.

How do I request reimbursements?

You may request reimbursement any time a qualified expense has been incurred. The service related to the expense needs only to have taken place; it need not be paid before requesting reimbursement. Simply complete

* *The transportation benefit meets the requirements of Code Section 132. It is not a benefit offered under a Cafeteria Plan. However, the administration of this benefit is similar to other benefits offered under a Cafeteria Plan.*

(over)

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a Request for Reimbursement Form and submit it to FlexSystem. See your Request for Reimbursement Form for submission options. FlexSystem processes requests for reimbursement daily. Once a request is reviewed and approved, a reimbursement is issued. Actual receipt of the reimbursement depends on the mail and banking systems.

What is the Use-It-or-Lose-It Rule?

It is important to be conservative in making elections because any unused funds left in your account at the close of the Plan Year are not refundable to you and are returned to the Client. You are urged to take precautionary steps, such as tracking account balances on the FlexSystem web site and/or using the Interactive Voice Response System, to avoid having funds in your account at year-end.

Can I change elections during the Plan Year?

You may change your FSA elections during the Plan year only if you experience a change of status such as a marriage or divorce, birth or adoption of a child, or a change in employment status. Refer to the Change of Election Form (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year. In addition, during each Plan Year anniversary you may change elections for the next year.

What qualifies for the dependent care benefit?

Dependent Care expenses that may be run through a Section 125 Plan must be for the primary purpose of assuring the well-being and protection of a qualifying individual. In addition, the dependent care expenses must be necessary for you and your spouse to work, to look for work, to attend school full-time, or if you or your spouse are physically unable to care for their children. The dependent care expenses provided during a calendar year cannot exceed $5,000. In the case of a married individual filing a separate tax return, the limit is $2,500.

How do I enroll?

To enroll in FlexSystem, you must first determine elections for each benefit in which you wish to participate during the course of the Plan Year. The elections are specific to each type of flexible spending account, meaning that dollars set aside for dependent daycare may be used for dependent care only, and not for out-of-pocket medical expenses, etc.

May I enroll on-line?

With on-line enrollment you benefit from 24-hour access and the convenience and freedom to enroll from the privacy of your own home. Just log on to *www.accesstasc.com* and click on *FlexSystem Enrollment*. You will need your *Client ID number* (provided by your employer) to enroll on-line. Follow the simple on screen instructions to complete your enrollment.

What if I have no web access or my employer doesn't offer on-line enrollment?

You may complete your FlexSystem Enrollment on the paper form that came with this brochure. Make a copy a for your files and return the completed form to your employer.

Call FlexSystem at 1-800-422-4661 and ask a FlexSystem Participant Services Representative for enrollment assistance.

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