

www.flex125.com **AMERIFLEX**[®]



Your Key to Savings

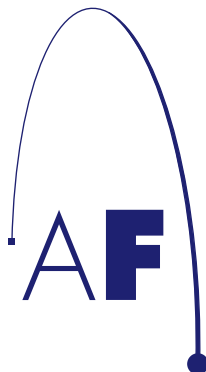
F S A E N R O L L M E N T

K I T

A Plan That Enhances Your Benefits

If you're one of the many people who spend money on medical expenses, day care for dependents, or parking and transit, a Flexible Spending Account (FSA)—Medical, Dependent Day Care, or Commuter—can make these expenses more affordable. One or all of these valuable benefits are available through your employer's flexible benefits plan.

—Every year more than 48 million employees nationwide enroll in a FSA program.



E N R O L L M E N T K I T

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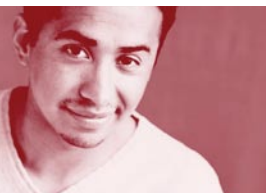
How the AmeriFlex Plan Works

If you participate, you will elect to have a specified amount of pre-taxed money deducted from your paycheck each pay period. These dollars are subtracted from your gross earnings before taxes and put into a Flexible Spending Account to cover eligible out-of-pocket costs. Once you submit a claim for a qualified expense, you will be reimbursed from this account.

- Lower your taxable income; pay less tax; increase your take-home pay.
- Participation is the equivalent of getting a raise.

The following table illustrates how you save by participating in a Flexible Spending Account:

Without This Plan		With This Plan	
Gross pay (annual)	\$30,000.00	Gross pay (annual)	\$30,000.00
Tax deductions (@25%)	\$ 7,500.00	• Eligible expense	\$ 1,000.00
Take-home pay	\$22,500.00	Taxable income	\$29,000.00
• Eligible expense	\$ 1,000.00	Tax deductions (@25%)	\$ 7,250.00
New take-home pay	\$21,500.00	New take-home pay	\$21,750.00
		• Result (increased take-home pay)	\$ 250.00



Eligible Expenses

Medical Spending Account Eligible Expenses

A medical FSA is used to pay for healthcare expenses not covered under your medical or other insurance plan. The IRS determines eligible expenses. IRS-qualified expenses may include:

- Co-pays, deductibles, and other payments you are responsible for under your medical plan
- Charges that may not be covered by your medical plan such as:
 - Routine exams
 - Dental care
 - Orthodontia
 - Eyecare: Lasik, glasses, contact lenses
 - Hearing aids
 - Well-baby care
- Miscellaneous expenses such as:
 - Many over-the-counter drugs; e.g., pain relief, sleep aids, allergy treatments
 - Transportation, tolls, and parking to receive medical care
 - Individual psychiatric or psychological counseling
 - Diabetic equipment and supplies
 - Durable medical equipment
 - Qualified medical products or services prescribed by a doctor

Some examples of ineligible expenses include insurance premiums, teeth whitening, prescription drugs for male-pattern baldness, and most cosmetic procedures. A more comprehensive list of [eligible medical and over-the-counter expenses](#) is available on the AmeriFlex website. You can also refer to [IRS Publication 502](#) for the complete list of medical expenses eligible for reimbursement.

Dependent Day Care Spending Account Eligible Expenses

With a Dependent Day Care Account, you can set aside pre-tax payroll deductions to reimburse the expenses associated with day care for your qualified dependents. Eligible expenses must meet the following qualifications:

- The care of the dependent must enable you and your spouse to be employed.
- The amount to be reimbursed must not be greater than your spouse's income or your income, whichever is less.
- The child must be under 13 years old and must be your dependent under federal tax rules.
- The services may be provided in your home or another location, but not by someone who is your minor child or dependent for income tax purposes (e.g., an older child)
- If the services are provided by a day care facility that cares for six or more children simultaneously, the facility must comply with state and local day care regulations.
- Services must be for the physical care of the child, not for education, meals, etc.

Qualified dependent care expenses also include costs for the care of a spouse or dependent who is incapable of self-care, regularly spends at least eight hours per day in your home, has gross income below the exemption amount in IRS Code 151, is dependent on you for over half of their support, and is not anyone else's qualifying child (e.g., an invalid parent). The same rules that apply for child care apply to the care of other dependents, except the dependent need not be under age 13.

For more details on dependent day care eligible expenses, reference [IRS Publication 503—Child and Dependent Care Expenses](#), available on the AmeriFlex website.

Commuter Reimbursement Account Eligible Expenses

Commuter Reimbursement Accounts allow for the pre-taxing of qualified parking, transit, and commuter highway vehicle expenses related to your transportation to and from work.

- Parking expenses are expenses incurred to park your vehicle on or near the business premises of the employer or expenses incurred to park your car at a location from which you commute to work by (a) mass transit facilities, (b) a commuter highway vehicle, or (c) car-pool.
- Transit expenses are those incurred for a pass, token, fare card, voucher, or similar item (a pass) for transportation (a) on mass transit facilities, whether or not publicly owned, or (b) provided by a person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle with a seating capacity of at least six adults (excluding the driver).
- Commuter highway vehicle (van-pool) expenses are those incurred for transportation in a commuter highway vehicle when traveling between your residence and place of employment. A commuter highway vehicle is any highway vehicle with a seating capacity of at least six adults (not including the driver), and for which at least 80% of the mileage is for purposes of transporting employees between their residence and their places of employment, and where the number of employees is, on average, at least half of the adult seating capacity of the vehicle (not including the driver).



Funding Your Account

The maximum amount you can contribute to your FSA depends on the type of account you select. Your employer determines the maximum annual election for your Medical Flexible Spending Account while the government sets the maximum amount for your Dependent Day Care Spending Account and Commuter Reimbursement Account.

Determining Account Contributions

- **Medical:** Your employer determines the maximum allowable contribution for your Medical Flexible Spending Account. Within that maximum, you determine your contribution for yourself and your eligible dependents based on expenses you expect to incur in the upcoming plan year. Your annual contribution is then divided by your number of pay periods, and that amount will be deducted pre-tax each pay period.
- **Dependent Day Care:** The IRS has set the maximum allowable contribution per calendar year for a Dependent Day Care Spending Account as follows:
 - \$5,000 for a married couple filing jointly
 - \$5,000 for a single parent
 - \$2,500 for a married person filing separately
- **Commuter:** The maximum amount you may contribute to a Commuter Reimbursement Account is determined by the IRS. These amounts may change annually, so ask your employer for current maximums for parking expenses, transit passes, and commuter highway vehicle expenses.

The Use-It-or-Lose-It Rule

If you contribute dollars to a reimbursement account and do not use all the money you deposit, you will lose any remaining balance in the account at the end of the eligible claims period. A very important thing to remember is that the rule exists because the IRS has established strict guidelines for plans with tax advantages.

Claims Process

To be reimbursed for any expense, you must first file a claim. You can file a claim in two ways, either manually or electronically. To file a claim manually, simply complete a claim form and mail or fax it to AmeriFlex along with substantiation of the claim. Acceptable forms of substantiation include itemized receipts and the Explanation of Benefits (EOB) from your insurance carrier.

Information required on all claim requests include: the date of service, the product or service description, prescription drug names and numbers, the total dollar amount being requested, the service provider's name, and, in the case of dependent day care requests, the provider's signature and tax ID or Social Security number.

When you submit a claim by fax or mail, your reimbursement will either be mailed or direct-deposited into your bank account, whichever you prefer. To eliminate the hassles of paper, faxing, and the time delays of mailing, simply use your AmeriFlex Convenience Card®.





SMART
SIMPLE
and Convenient



The AmeriFlex Convenience Card®

The AmeriFlex Convenience Card® is a MasterCard® debit card providing electronic access to your FSA funds. The card provides the convenience of a single debit card with access to all of your accounts.

Your AmeriFlex Convenience Card® gives you easy access to the funds in your Flexible Spending Account(s). It works just like any other debit card, but with three important differences:

- First, its use is limited to specific merchants* and to expenses deemed eligible by your plan.
- Second, you cannot use it at an ATM or to obtain “cash back” when making a purchase.
- Third, you are not given a PIN with this card. Should a merchant or provider ask you for a PIN, simply explain that this card does not require one. If given the option between debit and credit at the terminal, choose “credit.”

*Every merchant that accepts MasterCard® is assigned an MCC Code based on their type of business. Only a limited number of these codes apply to merchants providing products or services eligible for FSAs. Use of the AmeriFlex Convenience Card® is limited to day care providers; medical care providers such as hospitals, doctors’ offices, optometrists, dentists, orthodontists, pharmacies, or other merchants providing prescription and over-the-counter eligible products; and CRA merchants such as parking garages or metro-card machines. In other words, your card cannot be used at non-qualified businesses such as gas stations, retailers, convenience stores, etc. For example: aspirin is an eligible expense in your Medical Flexible Spending account; however, you cannot purchase aspirin at your local convenience store because that type of business does not have an eligible MCC code. You would need to purchase your aspirin at your local pharmacy or other qualifying business to use the card. However, under new regulations, if the merchant has an IRS approved inventory management system that provides SKU level data on the item, it can automatically determine if an expense is eligible, eliminating the MCC code restriction. Check with your local retailer to find out if they already have or may be adding this system.

Your Card Account Balance and Transaction Receipts

- What if there's not enough money in my account?

If you charge more than the available balance in your account, the transaction will be denied. You can find your balance online at www.flex125.com or by calling the AmeriFlex Interactive Voice Response System, which is available 24/7. Review your account balance regularly to avoid denied charges.

- Do I need the receipts?

Possibly, so please save all of your itemized receipts! For certain expenses, AmeriFlex may need additional information, including receipts, to verify eligibility of the expense and to comply with IRS rules. That's why it's important for you to save all receipts, then fax or mail them promptly if requested. Failure to comply could jeopardize the tax-exempt status of your account and cause the card to be deactivated.

FSA Election Changes

What if I want to make a change to my FSA Election?

The latest set of cafeteria plan regulations develops a process for determining if a participant is allowed to make a change in election during the plan year. A change in status must have occurred and that event must fall into one of the following categories:

- Change in provider (Dependent Day Care only)
- Change in cost of day care (Dependent Day Care only)
- Change in legal marital status
- Change in number of dependents
- Change in employment status
- Change in work schedule (increase or decrease in hours)
- Dependent satisfies (or ceases to satisfy) requirements for eligibility

The election change must be consistent with the status-change event. A change is consistent with the event for Medical Flexible Spending Accounts if the following occurs:

- The employee, spouse, or dependent is gaining or losing eligibility for health coverage.
- The election change corresponds with that gain or loss of coverage.

For Commuter Reimbursement Accounts, elections can be made for a period as short as one month. Check with your human resources department to see how often you can change your CRA election.

Employee Termination/Claims Procedure

AmeriFlex will deactivate the terminated employee's AmeriFlex Convenience Card® on the Date of Termination listed above. Claims may be incurred up to the Date of Termination. However, the IRS defines "participation" as "making pre-tax contributions to the plan," therefore if the employee's last payroll deduction occurs after their Date of Termination, they may continue to incur claims through the date of their last payroll deduction. Those claims must be submitted for processing on a Manual Claim Form and can be submitted for a period of 90 days from the date of last payroll deduction or through the end of the eligible claims period (as defined in the Summary Plan Description), whichever occurs first.



AmeriFlexRX

Leverage the purchasing power of your FSA even further with AmeriFlexRx. The AmeriFlex online drugstore clearly identifies FSA-eligible products, combining the ease of online shopping with the assurance that all purchases are FSA eligible. Even better, orders of \$15.00 or more are shipped for FREE, specially priced items provide extra savings, and all orders are shipped within two business days.

And now . . . maximize your convenience, save time, and **start shopping!**

Two Assets That Work Even Better **IN TANDEM**



AMERIFLEX[®]RX

We've enhanced the purchasing power of the AmeriFlex Convenience Card[®] by providing AmeriFlexRx, the AmeriFlex online drugstore. AmeriFlexRx clearly identifies FSA-eligible products for employees, combining the ease of online shopping with the assurance of an automated system for substantiation of FSA claims.

- Convenient 24/7 access
- All purchases are FSA eligible
- All claims are automatically substantiated
- Even deeper discounts with AmeriFlexRx Value Brand
- Free shipping on orders over \$15.00
- Items are shipped within two business days



Tax Implications

Will pre-taxing have an impact on Social Security benefits?

Reductions in your taxable pay may lead to a reduction in Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

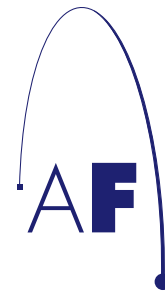
Dependent Day Care Tax Filing

On your tax return you must report the correct name, address, and taxpayer identification number (TIN) of your dependent care provider. If your dependent care provider is exempt from federal income taxation, you are not required to report the TIN; however, you must report the correct name and address of the exempt provider and write "tax-exempt" in the space provided for the TIN.

Tax Credits vs. Dependent Care Spending Accounts

If you participate in a Dependent Care Spending Account, you cannot claim credits on your income tax return for the same expenses. Also, any amount reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you enroll in a Dependent Day Care Account, evaluate whether the federal income tax credit or the Dependent Care Spending Account is best for you. Refer to the following federal tax forms and publications for more information (available at www.irs.gov):

- [Form 2441](#) (Child and Dependent Care Expenses)
- [Form 1040 Schedule EIC and IRS Publication 596](#) (Earned Income Credit)
- [Form 8812 and IRS Publication 972](#) (Child Tax Credit)
- [Frequently Asked Questions](#)



FLEXIBLE SPENDING ACCOUNT ENROLLMENT FORM

Company Name: _____

Employee Name: _____ Telephone: _____

Employee Address: _____

City: _____ State: _____ Zip: _____

Employee Social Security Number: _____ Plan Year: _____ through _____

Date of Birth: _____ Date of Hire: _____ Effective Date: _____

The Company and I hereby agree that my cash compensation will be redirected by the amounts set forth below for each pay period during the plan year (or during such portion of the year as remains after the date of this agreement). I understand that if I do not return this form to my employer by my effective date, it shall constitute my election to waive participation in all flexible spending programs under my employer's Flexible Benefits Plan and therefore cause me to pay non-reimbursable medical, dependent care, and/or commuter expenses (if any) with after-tax dollars.

EMPLOYEE'S FLEXIBLE BENEFIT PER PAY DEDUCTION/ALLOCATION

Medical Flexible Spending Account Per pay contribution \$ _____ Date of first payroll _____
\$ _____ Maximum ANNUAL Contribution Annual contribution \$ _____ Number of remaining pays _____

Dependent Care Spending Account Per pay contribution \$ _____ Date of first payroll _____
\$ _____ Maximum ANNUAL Contribution Annual contribution \$ _____ Number of remaining pays _____

Commuter Reimbursement Account
P A R K I N G Per pay contribution \$ _____ Date of first payroll _____
\$ _____ Maximum MONTHLY Contribution Annual contribution \$ _____ Number of remaining pays _____

T R A N S I T Per pay contribution \$ _____ Date of first payroll _____
\$ _____ Maximum MONTHLY Contribution Annual contribution \$ _____ Number of remaining pays _____

I UNDERSTAND THAT:

(1) My accounts will not automatically renew. During each annual open enrollment period, I understand that I must complete a new enrollment form indicating my account contributions for the new plan year.

(2) I cannot change or revoke this agreement at any time during the plan year unless I have a change in family status (including marriage, divorce, death of a spouse or child, birth or adoption of a child, termination or commencement of employment of a spouse, or such other events as the Plan Administrator determines will permit a change or revocation of an election).

(3) The Plan Administrator may reduce, cancel, or otherwise modify this agreement in the event he/she believes it is advisable in order to satisfy certain provisions of the Internal Revenue Code.

This agreement is subject to the terms of the Company's Flexible Benefits Plan, as amended from time to time, which shall be governed under applicable laws, and revokes any prior agreement relating to such plan(s).

By signing this form I agree to the terms and procedures listed herein.

I was given the opportunity to participate in this Flexible Benefits Plan, and I have decided not to participate at this time.

Employee Signature

Date



ADDITIONAL CARDS (only applicable if your employer has chosen this option)

If you wish to have an AmeriFlex Convenience Card issued for a spouse or dependent, please be sure your spouse or dependent meets the IRS eligibility guidelines below:

(1) For federal tax purposes, a spouse is defined as "... a person of the opposite sex who is a husband or wife." Same sex domestic partners are not considered spouses for purposes of FSA administration. A person residing in the employee's home, who the employee provides over half of their support, who is not the employee's spouse under applicable state law, and who is not a family member, is considered a dependent under Internal Revenue Code 152(a) without regard to 152(b)(1), (b)(2), and (d)(1)(B).

(2) For federal tax purposes, a dependent includes any relative of the participant for whom the participant provides over half of their support for the calendar year. A relative includes children, parents, stepchildren, siblings, aunts, uncles, cousins, and in-laws of the participant. Relatives do not need to reside with the participant in order to be dependents, nor do they need to be a certain age or infirmity; they need only to be persons for whom the participant has provided over half of their support.

Spouse Name: _____

Address to issue card: _____

Telephone: _____ Soc. Sec. Number: _____ Date of Birth: _____

All dependents must be over the age of 18 in order to receive the AmeriFlex Convenience Card.

Dependent Name: _____

Address to issue card: _____

(if different from participant)

Telephone: _____ Soc. Sec. Number: _____ Date of Birth: _____

Dependent Name: _____

Address to issue card: _____

(if different from participant)

Telephone: _____ Soc. Sec. Number: _____ Date of Birth: _____

Each AmeriFlex Convenience Card is issued for a term of three years. For you (the employee), your card will be automatically activated for each new plan year that you participate in one or more Flexible Spending Account(s). However, dependent cards do not automatically activate each plan year. For each plan year that you participate, you must notify AmeriFlex if you wish to have dependent cards reactivated for the new plan year. Upon expiration, AmeriFlex will automatically issue new cards to participants who re-enroll in the new plan year.

AUTHORIZATION AGREEMENT FOR ACH DEBITS/CREDITS

I, hereby, authorize AmeriFlex, LLC, hereafter called ADMINISTRATOR, to initiate debits and/or credits to or from my bank account indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit and credit the same to such account with the agreement that the only debits to be made will be for the sole purpose of correcting a prior FSA reimbursement error. I acknowledge the origination of ACH transactions to or from my account must comply with the provisions of U.S. law.

Depository Name: _____ Account Name: _____

City: _____ State: _____ Zip: _____

Routing Number: _____ Account Number: _____

(always nine digits)

SELECT ONE: Checking Account Savings Account

If you would prefer, please attach a voided check.

CHECK EXAMPLE
Routing Number: 123456789
Account Number: 0000123456
Check Number: 1234

The authorization is to remain in full force and effect until the ADMINISTRATOR has received written notification from the employee named above of the termination in such time and in such manner as to afford the ADMINISTRATOR and DEPOSITORY a reasonable opportunity to act on it.

Date: _____ Signature: _____

Upon receipt, the Federal Reserve requires 14 business days to perform the initial approval of the ACH information. After this time, AmeriFlex will be directly depositing all claim reimbursements into the bank account provided two days after every processing date determined by your employer.

It may take up to 5 business days to have your reimbursements appear in your account, depending upon the automated clearing house utilized by your bank. We suggest that you contact your bank to confirm when these funds become available in your account. AmeriFlex shall not be responsible for any checks or other debt payments you make whereby you have assumed these funds are available.

www.flex125.com

C O N T A C T

I N F O R M A T I O N



- **24/7 INTERACTIVE VOICE RESPONSE (IVR):** 888.868.3539 (option 2, option 2 for automated account balances and claims status)
- **TOLL-FREE PHONE:** 888.868.3539 (option 2, option 3, 8:30 a.m. to 5:30 p.m. E.S.T.)
- **WEB:** www.flex125.com (select Employees from the Flex menu, then view your account activity)
- **E-MAIL CUSTOMER SERVICE:** service@flex125.com
- **FAX:** 856.631.1020
- **MAIL:** 700 East Gate Drive, Suite 510, Mount Laurel, NJ 08054

