

A gift from the IRS

and your employer

to help you

SAVE MONEY



How you can benefit from a

Flexible

Spending

Account

with

ABS Advanced Benefit Strategies
Your Flexible Benefits Specialists



The Problem

We are paying more than ever before for costly out-of-pocket expenses like:

prescriptions

doctor visits

and child care



The Solution

A gift from the IRS...



Section 125 is an underutilized part of the Revenue Act of 1978, which Congress created to help make benefits more affordable.



How does it work?



When you enroll in a healthcare and/or dependent care plan, you redirect a portion of your pre-tax salary into a tax-free spending account.

You can then use those funds to pay for eligible medical and dependent care expenses.

Use this FSA plan to pay for out-of-pocket healthcare expenses:

**HealthCare Reimbursement
Account (HCR)**



Use this FSA plan to pay for child care or elder daycare:

**Dependent Care Reimbursement
Account (DCR)**



How does this save you money?

➡ You will not pay federal or state taxes (does not apply in all states), Social Security or Medicare on the money you direct to your Flexible Spending Account.



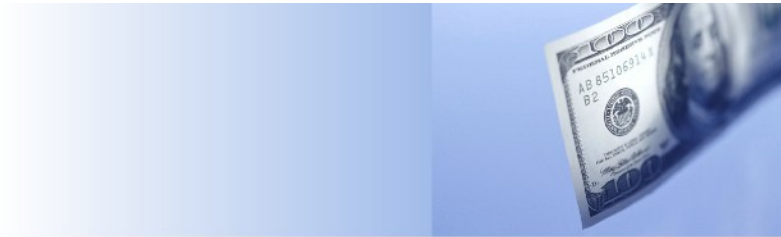
For most people,
that is a combined
savings of 30%!



Healthcare and **Dependent Care**
plans are a great way to



your paycheck and save on unreimbursed medical, dental and child or eldercare expenses.



Let's take a look at how
you could save **\$1,630.80** by
participating in an FSA plan.

Your Potential FSA Savings:

- Assume that your pre-tax salary is \$40,000 a year.
- You choose to direct \$200 a month to your HCR FSA to pay for your healthcare expenses.
- You choose to direct \$400 a month into your DCR FSA to pay for your child's daycare.

In total, you direct \$600 a month into HCR & DCR FSAs.

By participating in an FSA, you would
not pay taxes on **\$7,200** of your salary.

Without an FSA Plan:

Taxable Income:	\$40,000.00
Federal Tax:	\$4,032.50
Social Security Tax:	\$2,480.00
Medicare Tax:	\$580.00

With an FSA Plan:

Taxable Income:	\$32,800.00
Federal Tax:	\$2,952.50
Social Security Tax:	\$2,033.60
Medicare Tax:	\$475.60

Savings:
\$1,630.80

Eligible HCR expenses:

Co-insurance
 Chiropractic care
 Contact lenses & solution
 Contraceptives
 Copays (office, prescription)
 Dental work (non-cosmetic)
 Diabetic supplies
 Diagnostic fees
 Eyeglasses/ Prescription sunglasses



Hearing aids & batteries
 Infertility treatment
 Laboratory fees
 Laser eye surgery
 Orthodontia (braces, etc.)
 Over-the-counter drugs
 Psychiatric care
 Routine physicals
 Substance abuse treatment
 X-rays



Eligible over-the-counter items:



These HCR reimbursements require a doctor's note stating the specific medical condition that requires the treatment:

Health club memberships
 Hypnosis
 Massage therapy
 Mouth guards
 Orthopedic shoes
 Prosthetics
 Vitamins & nutritive supplements
 Weight loss programs



Eligible DCR expenses:



Daycare
Preschool
Day camp
Before/after school programs
Dependent children must be under the age of 13

Elder daycare
Care for the mentally and
physically disabled
See IRS eligibility guidelines



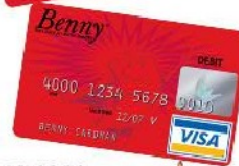
It's as easy as...

1. Calculate your healthcare and daycare expenses
2. Enroll in the Healthcare and/or Dependent Care plan
3. Pay out-of-pocket for your healthcare & dependent care expenses
4. Send your receipts and itemized statements to us with a Reimbursement Request Form
5. Receive a check from your FSA account

The Benny™ Prepaid Benefits Card

The Benny™ Card conveniently deducts monies directly from your Flexible Spending Account for qualified health expenses. Whether at the pharmacy or at the doctor's office - just use your Benny™ Card and that's it, no paying cash up front!

Ask your FSA plan administrator if your company offers the Benny™ Card!



Benny



Would you like to learn more?

Visit the Advanced Benefit Strategies website at
www.abs125.com

and click on the **Employees and Plan Participants** tab
for an extended explanation of FSA plans.



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